BURGO
GROUP

Financial statements

BURGO GROUP

Financial statements
at 31 December 2024

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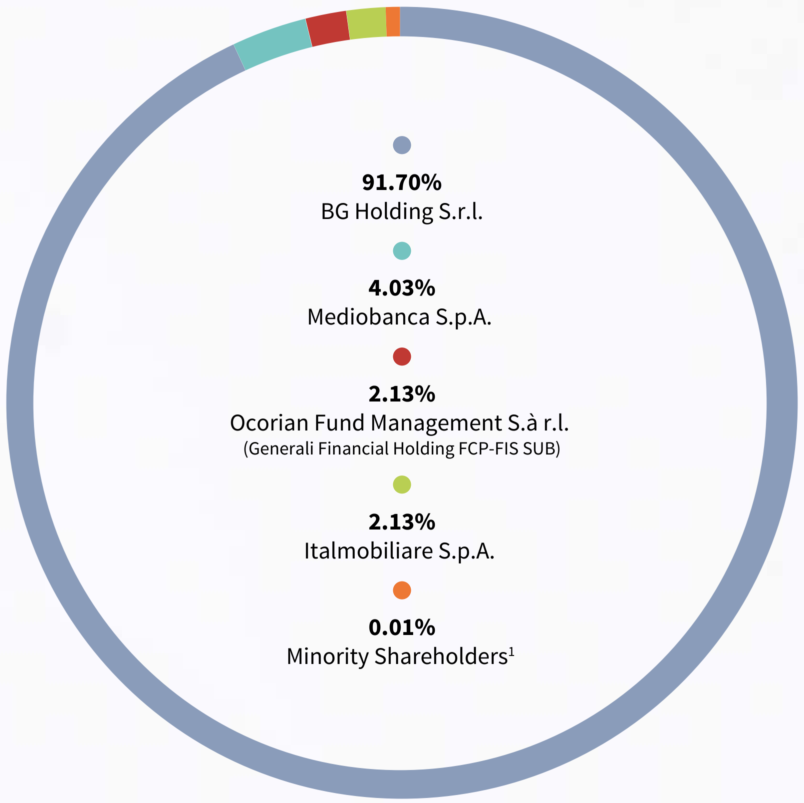
GROWING SUSTAINABLY

Burgo Group structure

Shareholders Burgo Group S.p.A.



1 Please note that the Company Burgo Group S.p.A. manages 1,968 shares on behalf of unknown shareholders.

2024

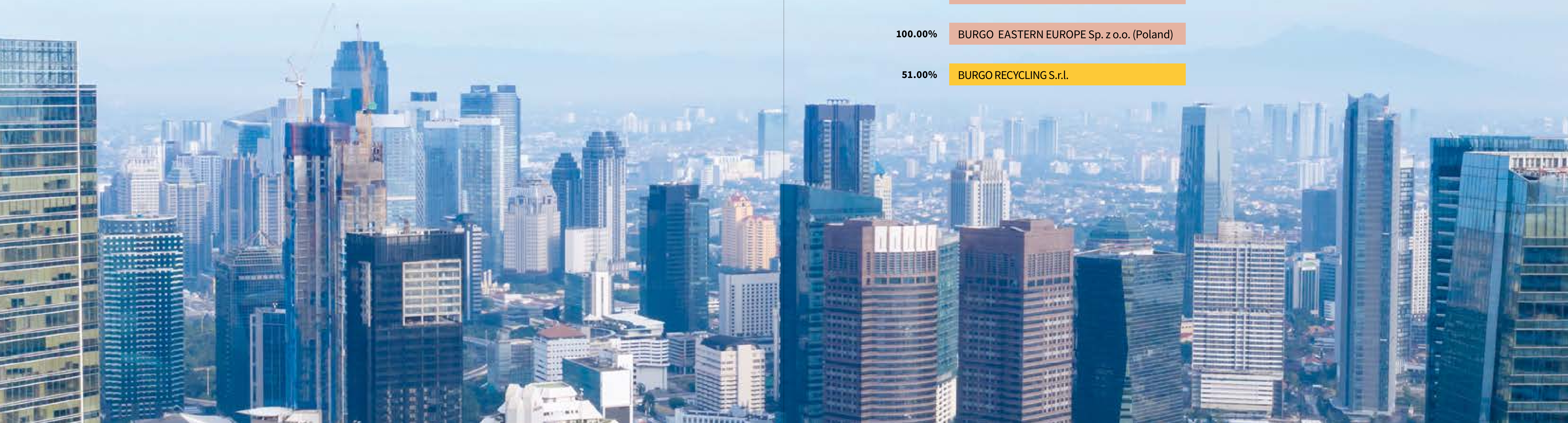
Equity investments

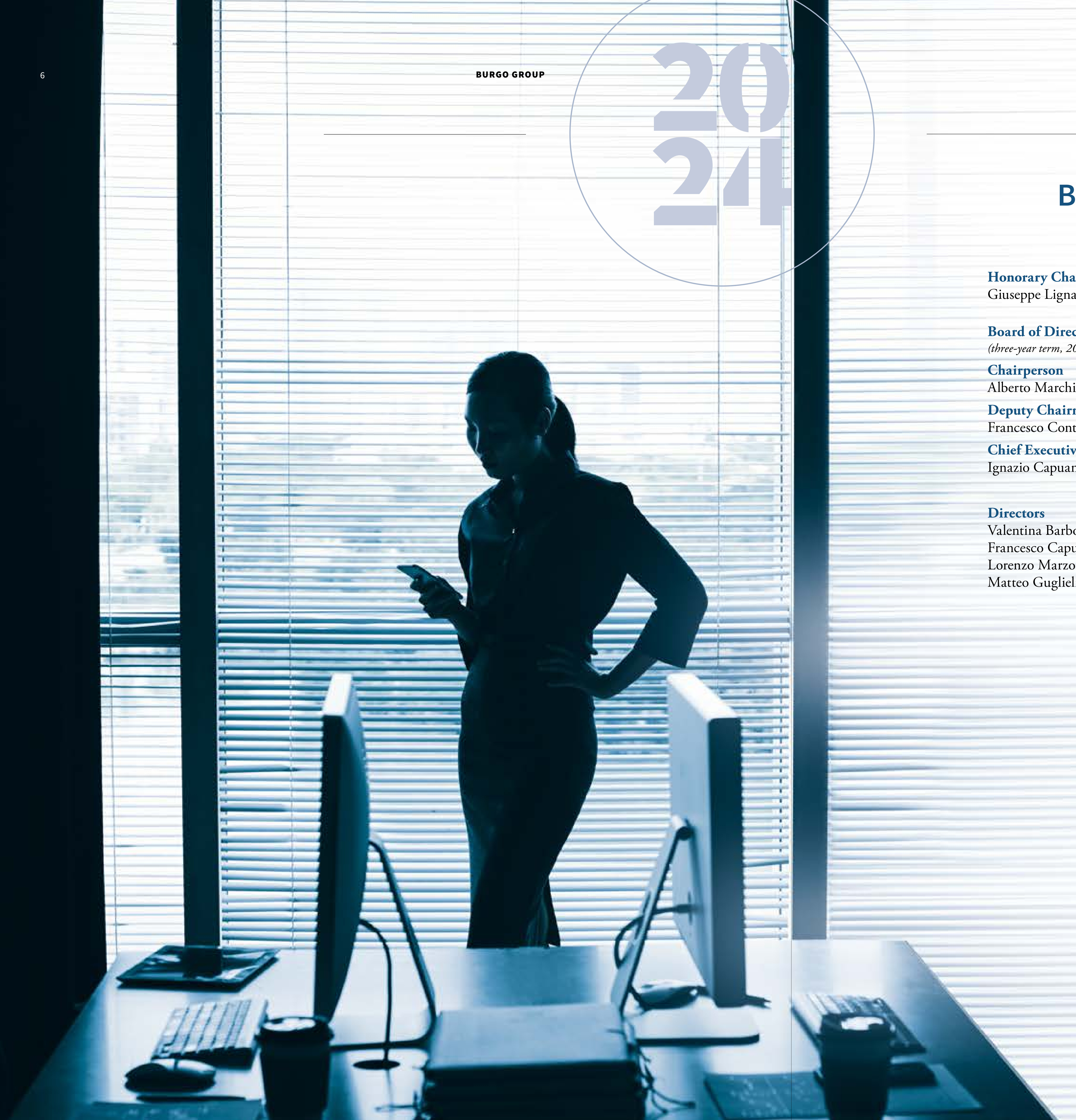
100.00%	BURGO DISTRIBUZIONE S.r.l.
100.00%	BURGO ARDENNES S.A. (Belgium)
0.20%	S.E.F.E. S.à r.l. (France)
100.00%	MOSAICO S.p.A.
28.03%	CONSORZIO ENERGY PAPER S.c.a.r.l.
100.00%	BURGO ENERGIA S.r.l.
100.00%	GEVER S.p.A. in liquidation
90.00%	BURGO FACTOR S.p.A.
100.00%	BURGO BENELUX S.A. (Belgium)
100.00%	BURGO FRANCE S.à r.l. (France)
100.00%	BURGO UK Ltd (UK)
100.00%	BURGO CENTRAL EUROPE GmbH (Germany)
100.00%	BURGO NORTH AMERICA Inc (USA)
100.00%	BURGO EASTERN EUROPE Sp. z o.o. (Poland)
51.00%	BURGO RECYCLING S.r.l.

BURGO IBERICA PAPEL S.A. (Spain)	100.00%
S.E.F.E. S.à r.l. (France)	99.80%
CONSORZIO ENERGY PAPER S.c.a.r.l.	17.21%

Key

- Sales and distribution
- Paper manufacturing
- Energy production and sales
- Financial assets
- Forestry resource management
- Interruptibility service
- Paper for recycling sales





Burgo Group S.p.A.

Honorary Chairman
Giuseppe Lignana

Board of Directors
(three-year term, 2023-2025)

Chairperson
Alberto Marchi

Deputy Chairman
Francesco Conte

Chief Executive Officer
Ignazio Capuano

Directors
Valentina Barbone
Francesco Capurro
Lorenzo Marzotto
Matteo Guglielmo D'Alberto

Board of Statutory Auditors
(three years 2023 - 2025)

Chairperson
Gaetano Terrin

Regular auditors
Fedele Gubitosi
Roberto Spada

Alternate auditors
Fabio Gallio
Luca Zoani

Independent Auditing Firm
(three years 2022 - 2024)
EY S.p.A.

Burgo Group S.p.A.

Registered office in
Altavilla Vicentina (prov. Vicenza)
Share capital € 90,000,000.00
fully paid up

Tax ID and Vicenza Business Registry
no.: 13051890153

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Report on operations

1

The Group and the market

International context

The last year was characterised by a stable world economy in a context in which the geopolitical tensions of the previous years continued. In a global scenario characterised by many uncertainties, the global growth forecast issued by the main international institutions for the year stands at 3.2%, in line with the 3.2% and 3.3% seen in 2023 and 2022 respectively. Inflation fell in several leading economies, reaching or approaching the targets set by the central banks. The labour market remained stable with no particular critical issues of note.

Considering trends by macro-area, in 2024 growth dynamics were generally positive in both the US and China. However, the economic situation in Europe was less favourable despite improvements on the previous year, with GDP growth estimated at 0.8% compared to 0.4% in 2023, supported by higher exports. Within the Eurozone there were marked discrepancies between the main countries, with growth expected to be robust in Spain (+3% GDP in 2024) and moderate in France (+1.1%), while growth in Germany was, albeit marginally, negative (-0.1%).

The international scenario for 2025 remains complex mainly as a result of ongoing geopolitical crises, with risks of a further deterioration of the macroeconomic situation. Despite the positive performance in 2024, global trade remained below the long-term trend. The outcome of the US presidential elections and the trade policies announced by the new administration are generating further uncertainty. Other factors to be considered for the year ahead include the persistence of high (albeit reducing) interest rates, positive effects on real incomes generated by the general fall in inflation, an expected rise in the global trade of goods and services (net of the impacts of any tariffs imposed by certain countries) driven largely by the emerging economies, and the heterogeneous economic trends of the main global economies. Growth forecasts in the Eurozone are modest but nonetheless higher than in 2024. The potential repercussions of the tariffs imposed by the US on net exports in the Eurozone remain unclear, with the development of a shared counter-strategy complicated by internal political crises in Germany and France.

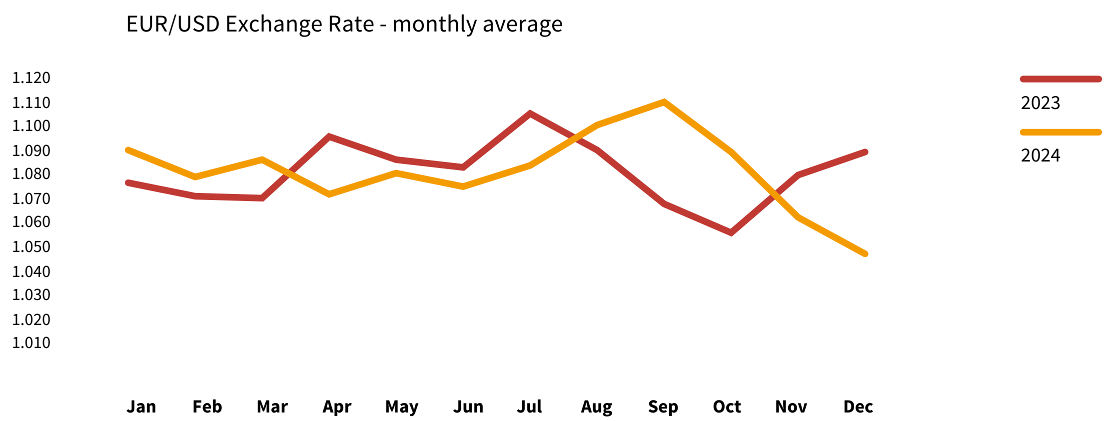
Italian context

On the domestic side, Italian GDP growth is estimated at 0.5%, driven by an improvement in net external demand, set against a reduction of imports and stable exports. In terms of internal demand, consumption remained robust while investments fell due to the significant reduction in construction tax incentives. Following a trend that began many months ago, industrial production also fell in 2024, more markedly for intermediate and capital goods and less so for consumer goods, which showed signs of a trend reversal in the final part of the year.
In 2024, international trade, a long-standing catalyst for Italy's economic growth, exhibited an augmentation in exports to the Eurozone, accompanied by a contraction in exports to non-Eurozone countries. This occurred within the context of a decelerating global economy and a pronounced weakness in Germany. At the sector level, a generalised growth was observed across all sectors, with the exception of the automotive industry, which experienced negative growth.
The labour market is going through a period of expansion in terms of employment, which in 2024 is estimated to see an increase in permanent and self-employed workers and a reduction of workers in precarious or fixed-term posts. This positive trend is driven particularly by the services sector, while the industrial sector remains stable and construction is showing a net decrease.

In terms of forecasts, for 2025 the main institutions have estimated a decline compared to previous trends. The policies adopted by the new US administration could have a non-negligible impact on Italy as the US represents the second largest market for Italian exports after Germany, which is currently in a period of stagnation. Growth may be further undermined by factors such as stagnating industrial production, slower business consumption linked to uncertainty, lower investments due to the roll-back of incentives in the construction sector, and public sector policies to limit borrowing. On the other hand, potential positive boosts for growth could be private household consumption, which is expected to be supported by the continued consolidation of the labour market, the decline in inflation with wages that have grown in real terms, the boost to investments deriving from the implementation of the measures foreseen by the NRRP (National Recovery and Resilience Plan) which is approaching its conclusion (officially in 2026), and the drop in interest rates in the first months of 2025, which could in turn contribute to the recovery of investments.

With regard to currencies, in 2024 the euro remained generally stable against the dollar (annual average: 1.082 USD to 1 EUR in 2024, compared to 1.081 in 2023). After a generally stable first six months, which saw a slight strengthening of the dollar, in the third quarter the Euro strengthened significantly (average in September 2024 of 1.111 USD to 1 Euro), a trend which then reversed in the final quarter when the EUR/USD exchange rate recorded its lowest average monthly values of the year (average in December 2024 of 1.048 USD to 1 Euro). The year closed with an exchange rate of 1.039 USD to 1 EUR.

The 2024 trend was driven by the monetary policy expectations of the ECB and the FED, as well as the results of the US presidential elections. Both central banks cut interest rates by 100 basis points but at different times: the ECB began first but proceeded more slowly, while the FED started later but set a faster pace. The reference rates at the close of 2024 were within a range of 3%-3.4% in the Eurozone, and between 4.25%-4.5% in the United States. In the last quarter of 2024 forecasts associated with the change in the US administration had the greatest impact, bringing with them an expectation of inflationary pressures linked to trade tariff policies and potentially leading to a slowdown in the FED's rate reduction cycle in 2025.
The figure below shows a comparison between the average monthly exchange rate trends in 2023 and 2024 (source: Bank of Italy).



The energy commodity markets in 2024 were characterised by average annual prices below the equivalent values in 2023, although in the second half of the year there was a pronounced upwards trend in natural gas and electricity prices.

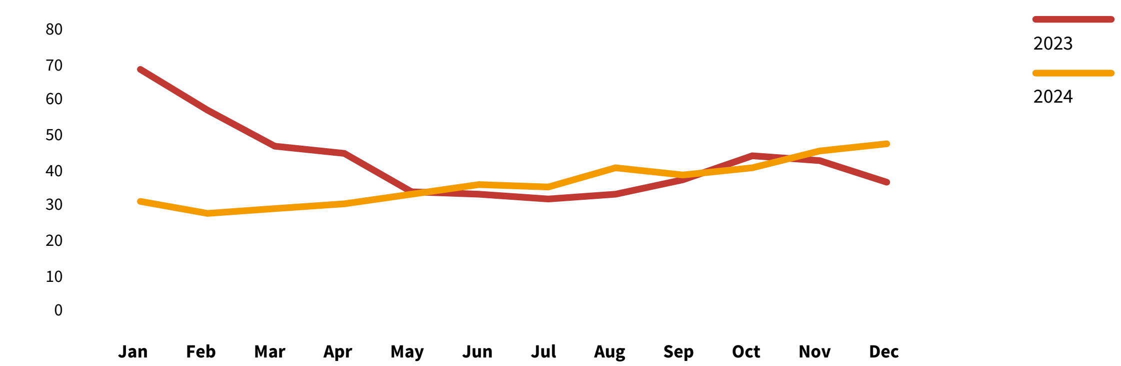
Brent fell to an average annual price of 79.8 USD/bbl (82.2 USD/bbl in 2023, -2.9%), driven by uncertain global demand forecasts, the diversification of oil suppliers with a gradual increase in the market share of non-OPEC+ producers (especially the United States), a substantial buffer of potential production by OPEC+ producers (which could quickly and easily meet a sudden spike in demand), and the progressive normalisation of the nonetheless persistent geopolitical tensions in the Middle East.

In the first six months of the year natural gas prices were lower than in the previous year but showed pronounced upwards trends in the second six months, with prices exceeding those of the same period in 2023. The minimum average monthly values were recorded in February (€ 28/MWh) while the maximum average monthly value was in December (€ 48/MWh). Over the year, the average PSV price stood at € 36.3/MWh in 2024, compared to € 42.2/MWh in the previous year (-14%). The annual price trend was driven by low European demand linked to an increase in production from renewable sources which reduced gas demand for thermoelectric energy generation, the continuation of the precarious balance on the LNG market, high inventory levels, and a progressive, albeit limited, increase in LNG processing capacity leading to increased supply flexibility. Finally, confirming the downwards trend of the first six months and the upwards trend of the second half of the year, in the first part of the year the PSV - TTF spread was below the values recorded the previous year before seeing a reversed trend in the second half of the year.

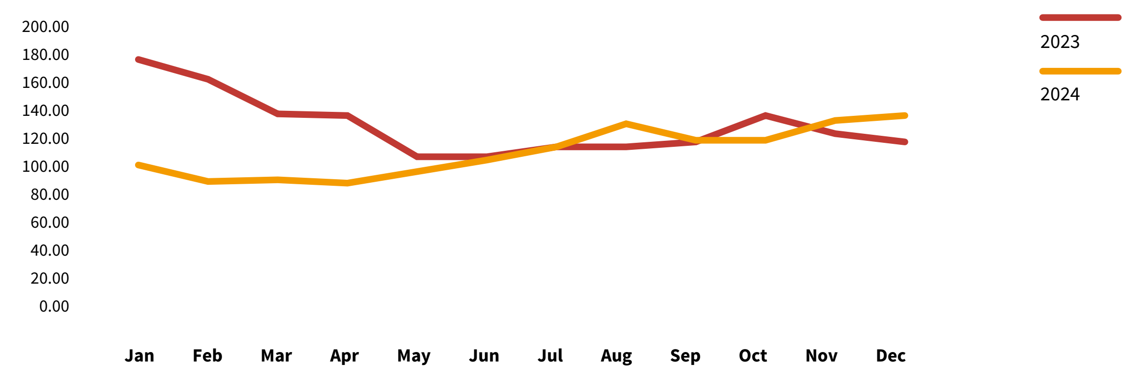
On the Italian electricity market, the average monthly PUN, which in 2023 fell compared to 2022, suffered a further decline in 2024 and recorded a value of € 108/MWh, compared to € 127/MWh in the previous year (-15%). The monthly dynamics effectively mirrored those of the natural gas market, with lower prices in the first two quarters compared to 2023, and higher prices compared to the previous year in the third and fourth quarters. In fact, the minimum average monthly values were recorded in April (€ 87/MWh) while the maximum average monthly value was in December (€ 135/MWh).

Average prices on the CO_2 emissions securities market fell to € 65/t in 2024, down 22% compared to the average prices recorded in 2023 (.€ 83/t; € -18/t). Prices declined considerably in the first part of the year, hitting a minimum of € 52/t in February, and recovered from the second quarter onwards to reach a yearly maximum of € 75/t. Prices at year-end were € 71/t, compared to € 77 at the end of 2023. EUA emission rights dynamics were driven by various factors, including declining natural gas prices in Europe which lowered the CO_2 switching price and further reduced coal-fired electricity generation and therefore demand for EUAs; lower emissions due to the increased use of renewables, greater hydroelectric and nuclear production, and favourable climatic conditions; the extension of the deadline for compliance with conformity requirements from March to September, which gave greater flexibility to operators who preferred to wait for more favourable prices, contributing to weak demand for much of the year; and the contribution to the supply surplus deriving from the uninterrupted auction volumes in August and sales linked to the RePowerEU plan that began in September.

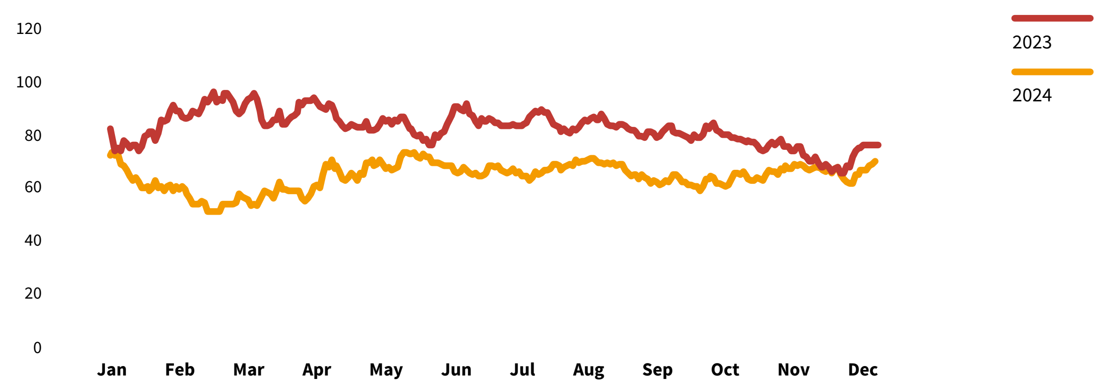
Average monthly PSV €/MWh



Average monthly PUN - €/MWh



EUA - €/t



In 2024, the Burgo Group conducted its business amid an economic and geopolitical context that continued to be characterised by severe uncertainty, pursuing its plan to reposition the business towards segments with higher growth rates and margins, such as special papers, containerboard and packaging in general, and with the goal of progressively reducing its presence in the segments of graphic paper and paper types classified as commodities. In the first part of 2024, following completion of the conversion of Line 2 at the Sora Plant, production of multi-ply coated and non-coated cardstock with a virgin fibre base began. This project marks yet another important step in the process to redefine the range of products offered by the Group, paving the way for a decisive entrance into the cartonboard segment with a cutting-edge plant for the production of paper for food packaging.

In the first part of the year, following on from the last few months of 2023 when the drop in demand linked to destocking processes came to an end, the Group's sales volumes recovered throughout the first six months. In the first two quarters of 2024, average monthly sales volumes were higher than in the previous year. However, sales volumes fell in the second half of the year, partly due to the economic slowdown. The year was also characterised by a drop in average prices compared to the previous year, although there was nonetheless an upward trend in all of the segments in which the Group operates between the beginning and the end of the year, aimed at regaining the upward trend in energy and raw materials costs, albeit with the usual lag that tends to characterise such recovery dynamics. With regard to raw materials, prices generally rose, with increases in the annual average prices of fibres and paper for recycling.

In response to these trends, the Group took commercial action on both prices and the sales mix which, along with measures to optimise supplies and improve productivity, enabled it to maintain stable revenues (-0.3% compared to 2023) and to record a gross margin of 9.6%, down on the 10.7% recorded in the previous year on comparable data, thus excluding non-recurring expenses (Adjusted EBITDA / Revenues from ordinary operations). Margins measured on the Group's pulp and paper revenues also fell (as shown in the breakdown of revenues by sector) from 12.4% to 11.1%.

In terms of indebtedness, in line with the marked improvement seen in the preceding years, the Group consolidated its positive financial situation, ending the year with a net financial position of approximately € 121 million, a further improvement compared to € 114 million at the end of 2023.

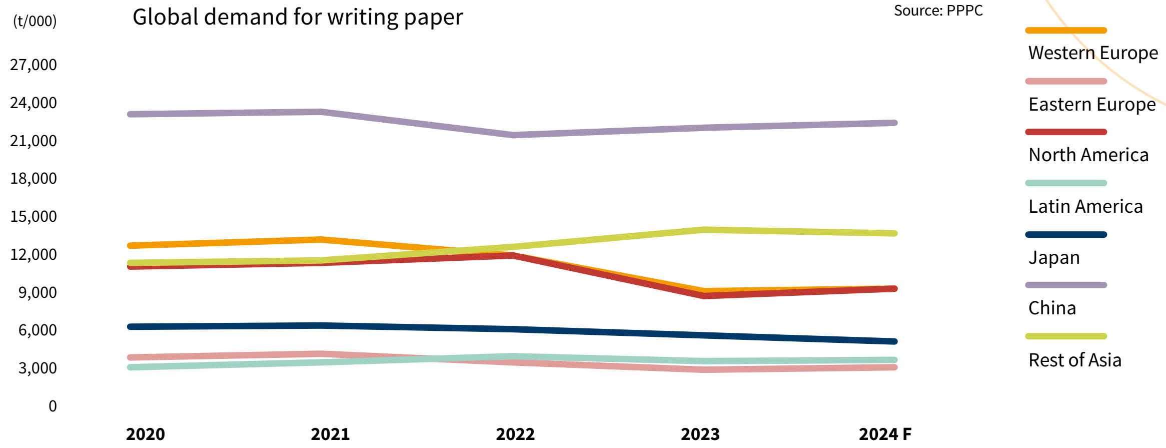
In the graphic paper segment, an area that remains the core business segment of the Group despite the progressive reduction of its relative weight on consolidated revenues, in 2024 demand increased by +0.8% globally (-7.8% in 2023) and by +2.0% in Western Europe (-23.9% in 2023). On the other leading global markets trends were generally positive, with a few exceptions: North America +7.1% (compared to -27.0% in 2023), Latin America +4.5% (compared to -11.3% in 2023), Japan -7.3% (compared to -8.3% in 2023), Eastern Europe +5.7% (compared to -16.9% in 2023), China +2.0% (compared to +2.6% in 2023), and the rest of Asia -2.3% (compared to +11.4% in 2023).

In the containerboard segment, compared to the previous year demand in 2024 was characterised by a trend reversal with growth of +2.2% (compared with -4.6% in 2023), pointing towards a livelier market compared to the previous two years.

Despite the contrasting market context and a macroeconomic situation in both Italy and Europe characterised by critical challenges and risks, the Group's overall positive performance in the past year is confirmation of the validity of the strategic decisions and direction taken by the Group through investments aimed at increasing its presence in more promising market segments and achieving its sustainability targets.

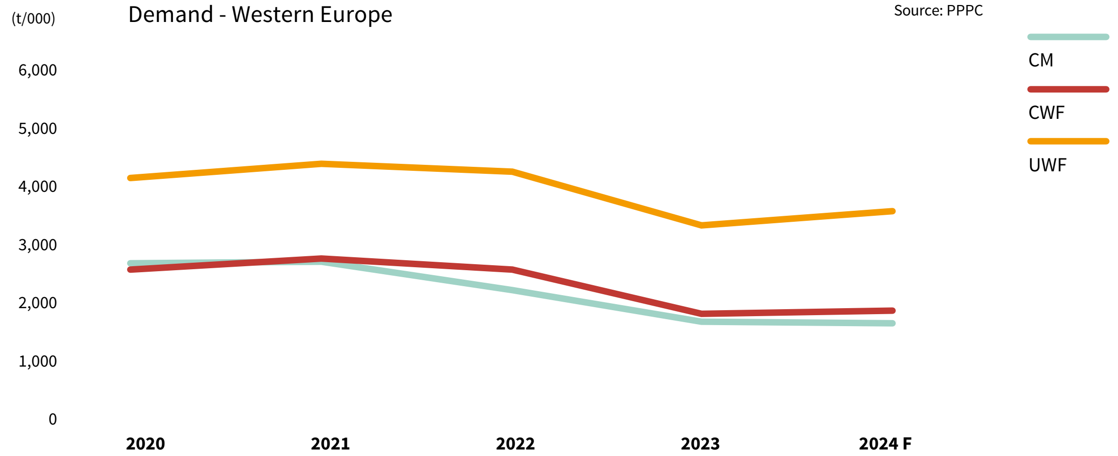
Global demand for writing paper

Source: PPPC



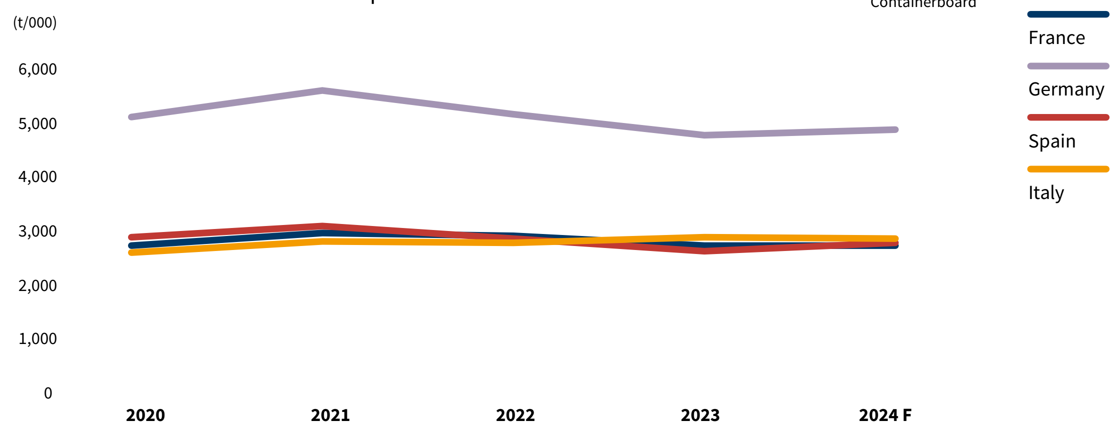
Demand - Western Europe

Source: PPPC



Demand - Western Europe Containerboard

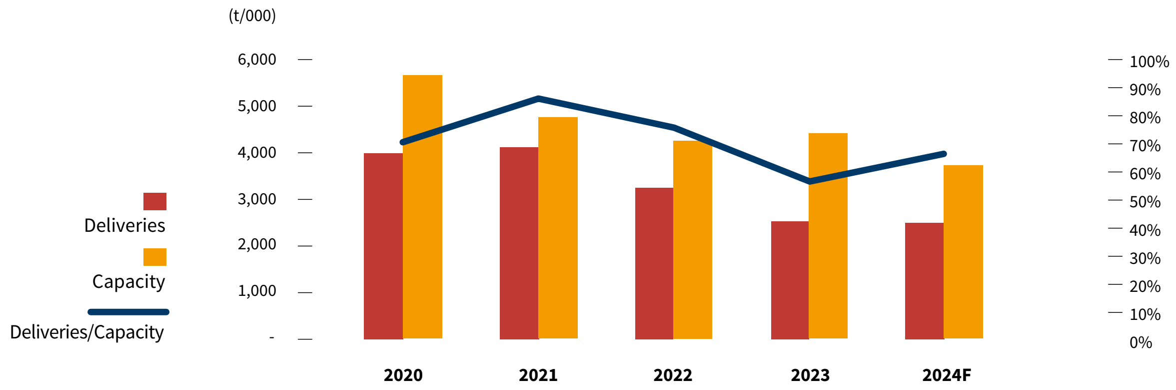
Source: CEPI Containerboard



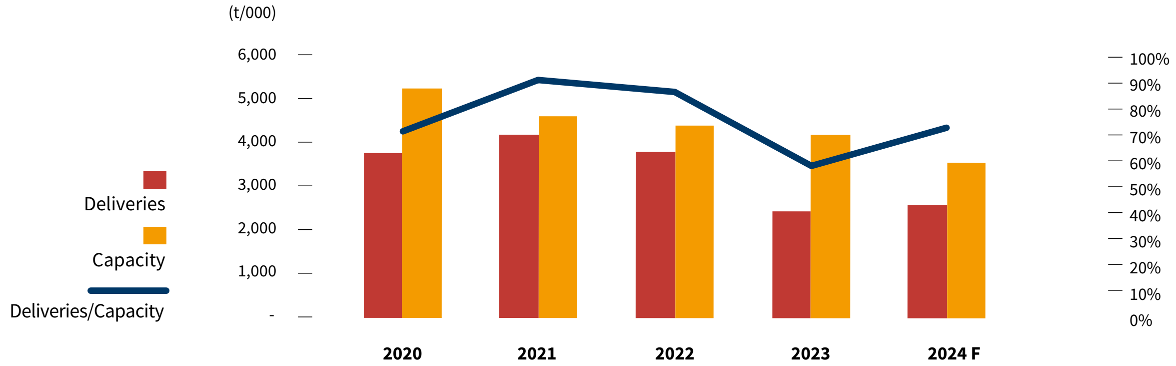
Use rate of production capacity in Western Europe

Coated mechanical

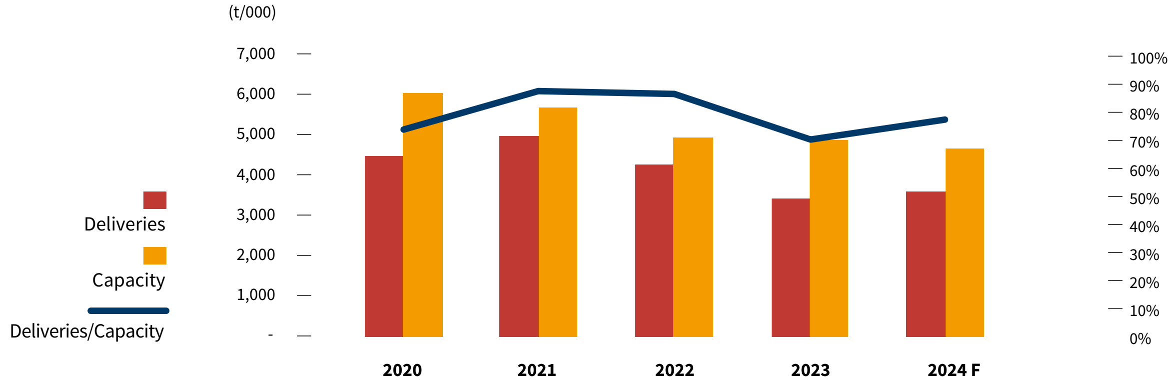
Source: Eurograph



Coated woodfree paper



Uncoated woodfree



Development lines and management outlook

As has been the case for several years, the past year was characterised by significant and growing geopolitical and macroeconomic uncertainty and tension, such as the Russia-Ukraine war, the war in the Middle East, inflationary pressures (although these are gradually scaling back), a slowdown in global growth, friction between the US and China, and political tensions in Europe associated with the various election cycles in a number of key EU countries.

None of these uncertainties have been resolved and will continue to distinguish the current year.
2025 will also be characterised by the return to the White House of Donald Trump. This could lead to major policy shifts compared to those adopted by the US thus far and is likely to fuel further geopolitical and macroeconomic uncertainty.

In this context, the Group is continuing its strategy of focusing on the more resilient business sectors with a higher growth rate, such as speciality paper and packaging, with the development activities characterising this phase of our Group's history fitting into this context. During the year, the Group will continue to implement its investment programme, aimed at product diversification and improving production and energy efficiency, with a view to improving our range of products, overall profitability and environmental footprint.

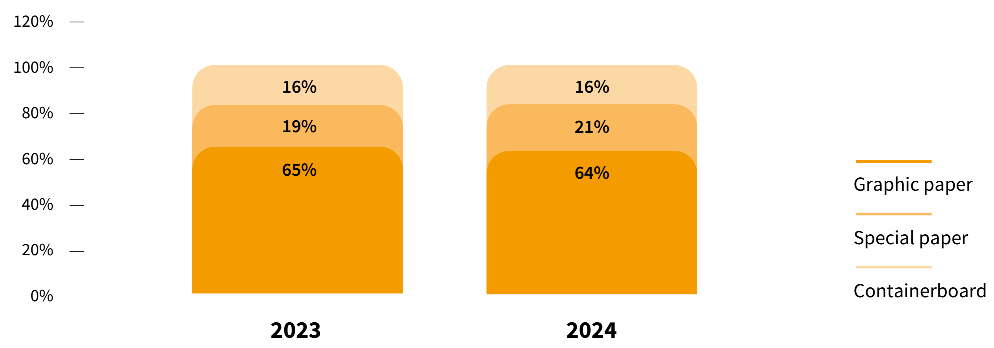
Considering the inflationary trend and possible shortages in certain production elements that are crucial to its business, the Group is continuing to manage, diversify and carefully monitor its sources of raw materials and natural gas. With regard to product sales, the Group will manage its product portfolio in such a way as to ensure that its activities are properly remunerated, also considering the more cautious purchasing trends that will continue to characterise our customers' purchasing trends in 2025.

The Group's production

Paper production, the Group's main area of business, amounted to **1,163,593 t** (1,028,369 t in 2023), with a 13.1% increase in respect to the previous year.
Containerboard represented **183,337 t**, up by 8.6% compared to the previous year (2023: 168,767 t), whereas speciality paper production increased by 23.3% and stood at **239,155 t** (193,967 in 2023).
Production of pulp came to **347,010 tonnes** (319,144 t in 2023), up by 8.7%, while lignin sulphonate production remained generally stable at **28,509 t** (28,447 t in 2023).
Finally, electricity production amounted to **1,126,193 MWh** (in 2023: MWh 1,035,198) up by 8.8%.

Production data		2023	2024	% change
Paper	t/000	1,028	1,164	13.1%
Pulp	t/000	319	347	8.7%
Lignin sulphonate	t/000	28	29	0.2%
Electricity	kWh/mln	1,035	1,126	8.8%

Type of paper



The Group’s sales

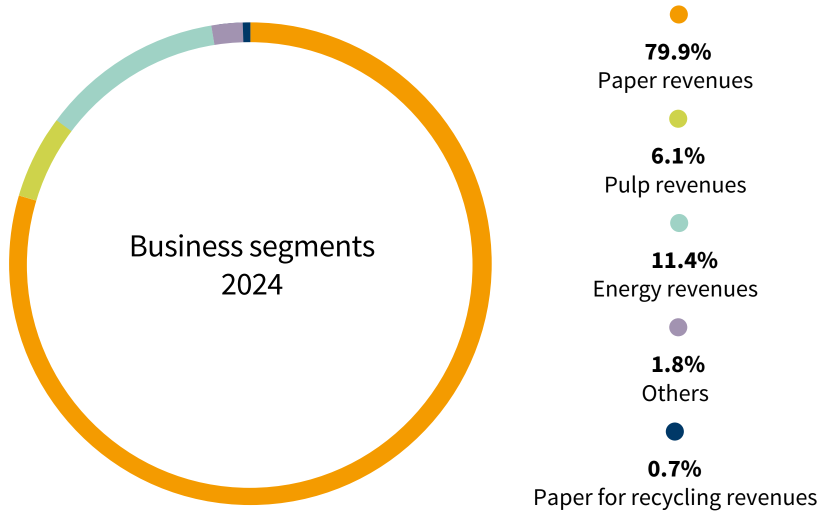
Group revenues from ordinary operations amounted to € 1,466 million, down by 0.3% (€ 5 million) compared to 2023, when the figure was € 1,471 million.

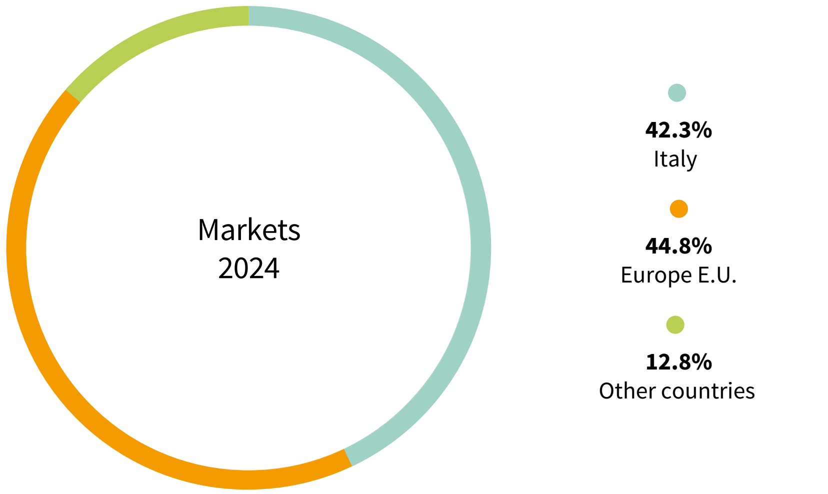
Paper revenues came to € 1,172 million, a 1.9% decrease compared to the previous year.
Pulp revenues were at € 89 million, with a positive difference of 15.1%.
Energy revenues stood at € 168 million, down by 2.1%.
Other revenues, including sales of lignin sulphonate, increased by 1.2% to € 27 million compared to 2023 (at € 26 million).
The percentage of revenues derived from paper for recycling sales by the subsidiary Burgo Recycling increased from 0.1% to 0.7%.

Business segments €/mln	**2023**	**2024**	**% change**
Paper revenues	1,194	1,172	-1.9%
% of total revenues	*81.2%*	*79.9%*	
Paper for recycling revenues	2	11	552.0%
% of total revenues	*0.1%*	*0.7%*	
Pulp revenues	77	89	15.1%
% of total revenues	*5.3%*	*6.1%*	
Energy revenues	171	168	-2.1%
% of total revenues	*11.6%*	*11.4%*	
Others	26	27	1,2%
% of total revenues	*1.8%*	*1.8%*	
	1,471	**1,466**	**-0.3%**

The breakdown of revenues between the internal market and exports shows that in 2024 the overall decrease in revenues mainly regarded sales in Italy and other Countries. Meanwhile, the percentage of sales in Europe rose compared to the percentage of exports to non-European countries.

Markets €/mln	**2023**	**2024**	**% change**
Italy	637	620	-2.6%
% of total revenues	*43.3%*	*42.3%*	
Europe E.U.	636	657	3.4%
% of total revenues	*43.2%*	*44.8%*	
Other countries	198	188	-5.0%
% of total revenues	*13.5%*	*12.8%*	
	1,471	**1,466**	**-0.3%**





Market prices

- **CM** (coated mechanical papers): in 2024 average sales prices in the coated mechanical paper market experienced a significant drop (around -10%). After a more pronounced decline in the first quarter, the drop in prices stabilised in the subsequent three quarters. If we compare the last quarter for the two years, the decrease in the market price was at around 5%.

- **CWF** (coated woodfree) and **UWF** (uncoated woodfree): the trend in the market price for these two segments was broadly in line with that recorded in the CM market. CWF and UWF papers recorded falling prices in the first quarter, followed by a recovery, albeit limited, in the second and third quarters, before a further decline again in the final quarter.
  2024 was characterised by average prices that were around 5% lower than in 2023.
  - With regard to CWF, compared to the price at the close of the previous year, prices at the end of 2024 were generally stable; despite this, the average market price in 2024 fell compared to the average price in 2023.
  - In the UWF segment, the average price in 2024 was down compared to the average in 2023. However, when comparing prices from the end of 2024 with those from the end of 2023, prices recovered by around 2%.

- Unlike the other segments, average prices in the ***Containerboard*** segment rose in 2024 compared to 2023. The trend in the market prices, which rose by around 5% on an annual basis, showed a drop in the first quarter before rising in the next two quarters and then declining again towards the end of the year.

- ***Speciality Paper***: the Speciality paper segment generally followed the trend of the other product families.
  The price trend in 2024 began in the wake of the 2023 declines, especially in the first quarter, before stabilising and reversing course in the second and third quarters, when prices recovered after the increase in raw material costs in the first half of the year. Prices were once again on the downturn in the final part of the year.
  Depending on the segment, average prices in 2024 dropped by between 5% and 12% compared to the 2023 average.
  However, when comparing prices in December 2024 with those of December 2023, prices rose by 4% to 17%, again depending on the segment.

Source: various surveys on certain representative products conducted by the trade press.

Costs

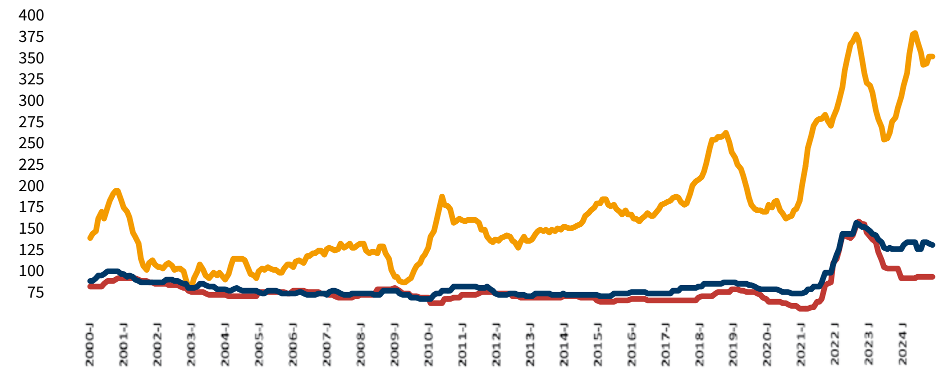
Compared to the previous year, costs in 2024 were characterised by an upwards trend in the first half of the year and a downwards trend in the final quarter. On average, the unit cost in the year was higher than in the previous year for almost all raw materials. After the lows recorded in mid-2023, fibres, which represent the main raw material used by the Group, saw a series of continuous rises throughout the first six months of 2024, peaking in the summer month, and then, after a period of stability, partially falling back in the second half of the year. The trend observed in 2024 led to fibre prices that, depending on the type, were on average about 20% to 30% higher than in the previous year. An example of this is NBSK long-fibre ($ 1,519/t 2024 average), which rose in relation to the average 2023 price ($ 1,257/t), showing a 20.8% decrease in dollar and a 20.7% in Euro terms. Again, among the celluloses, the price of eucalyptus also rose, going from an average of $ 1,001/t in 2023 to an average price of $ 1,231/t in 2024 (+23%). Considering the other raw materials, the price for standard latex, which represents most of the latex acquired by the Group, increased in 2024 from an average of around € 1,200 in 2023 to € 1,300 in the current year. The price of carbonates, another of the main raw materials used in paper manufacturing, was generally stable, recording a drop in average prices of around -1%. Prices of wood, another essential raw material for the Group, generally increased in 2024.

After remaining generally stable throughout 2023, the price of paper for recycling in 2024 was characterised by an average rise of over 38% compared to the previous year, with the trend showing stability in the first quarter and then rising prices with high levels of volatility in the subsequent months.

The European natural gas markets showed a gradual upwards trend in 2024. Prices peaked at the end of the year with wholesale prices nearing € 50 /MWh in December, while the minimum values were recorded in the first months of the year, with average prices in February and March at below € 30/MWh. The yearly average price of gas was nevertheless lower than in the previous year (PSV: € 36.6/MWh, down € 6.5/MWh on 2023), confirming a situation in which the balance between supply and demand remains fragile and highly sensitive to geopolitical tensions following an as-yet insufficient increase in LNG supply.

Prices on the Italian power market took impetus from natural gas, rising from almost € 100/MWh at the start of the year to around € 135/MWh at year-end.
The trend on the Italian market was similar to those of the other European energy exchanges, which all recorded average prices below those of 2023. Italy maintained positive differentials in relation to the European markets, guaranteeing consistent imports across the borders, supported by the new-found stability of the French nuclear production segment. The role played by renewable energy in 2024 is also of note, with Italy recording some of the highest volumes ever observed.
As for EUAs, prices fell at the start of the year before rising again to stabilise, albeit at a consistently lower level than in the previous year, with an average price of around € 65/tonne, down by around 22% on 2023. Prices peaked at € 75/tonne and hit a minimum of € 52/tonne. Price trends were also influenced by gas price dynamics, the reduction in coal consumption, record production from renewable sources, lower industrial emissions, the confirmation of the auctions of the RePowerEU plan and the extension of the conformity deadline, as well as the volatility associated with winter risk premiums and geopolitical tensions.

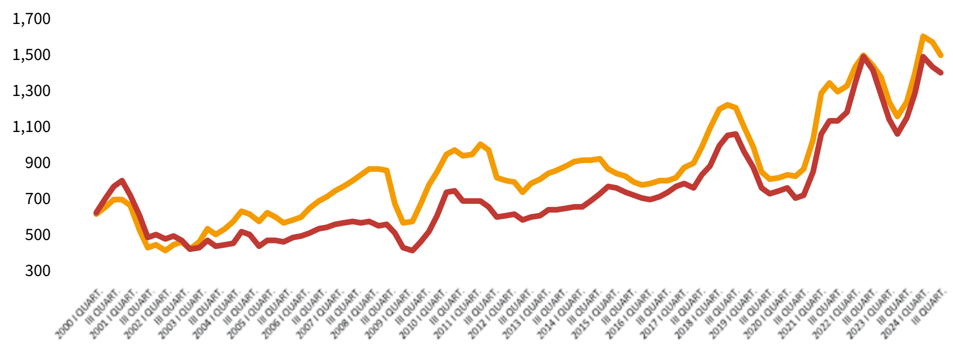
Prices of pulp and certain types of paper
(€/t - January 1999 = 100)



Source: Assocarta processing of PPI and Milan Chamber of Commerce data

NBSK pulp
Papers for magazines
Coated woodfree papers

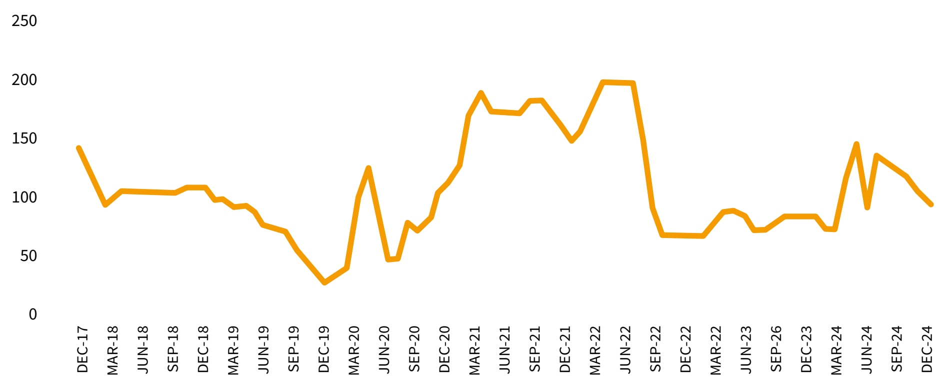
Price of NBSK pulp
(current values)



Source: Assocarta processing of PPI data

$/t
€/t

Price of Paper for recycling
(€/t – 1.05 old corrugated containers)



Source: RISI

Energy

The Group operates in the energy sector through its subsidiary Burgo Energia S.r.l., which manages all Group's energy aspects through its two "Energy Management" and "Operation and Trading" business areas.

Burgo Energia dealt with significantly complex issues over the course of the year, given the instability in energy markets, which once again in 2024, had a considerable impact on gas prices.
In 2024 Burgo Energia consolidated its natural gas redelivery activities to certain Group plants and a number of leading customers in the steel and paper sectors. This new business line is developed by Burgo Energia, procuring supplies directly on the stock markets (GME and EEX) or by operating through bilateral agreements with leading market operators.
Thanks to lower gas prices than in 2023, Burgo Energia was able to increase its volumes of stored gas for the same financial outlay. This enabled a greater diversification in the supply mix for the winter period and generated economic benefits for the Group.
In 2024 Burgo Energia also continued its process to focus its business activities on plant services; in particular, it continued to manage the Group's participation in the Capacity Market project and the MSD dispatching service for the power stations of the Avezzano and Sora paper mills, and for other industrial sites operated by other paper sector operators.
In 2024 it also strengthened its relationship with another client through the signing of gas supply, electricity withdrawal and capacity market contracts for the coming years.

In terms of investments in energy, 2024 was characterised by the launch of the photovoltaic system installed at the Burgo Ardennes plant. The system, which has an installed capacity of 9.8 MW, entered into operation between August and September 2024, and will be able to produce around 9,157 MWh of energy per year. This output will be self-consumed by the plant, enabling a reduction in the amount of energy usually withdrawn from the grid in the region of 10%. This is an important step towards achieving the decarbonisation targets adopted by Burgo Ardennes which are earmarked for considerable investment in the coming years.

Burgo Energia also continued to handle the technical management of the Energy Paper Consortium in 2024, consolidating its position as one of the leading extraordinary instantaneous upstream modulation service providers (formally electrical load interruptibility service).

Furthermore, Burgo Energia managed the participation of the Group's plants in the Gas Interruptibility service for the winter period, a particularly critical service given the gas availability situation in Italy.
Through its "Energy Management" Division, in addition to handling the management and execution of various services for energy-intensive businesses, Burgo Energia managed the certification process for the new cogeneration plants in Toscolano and Tolmezzo to be recognised as CARs (High Return Cogeneration plants), obtaining access to the support scheme through TEEs (white certificates).

In terms of energy management, in 2024 ISO 50001 certifications were obtained for the energy management systems at the Tolmezzo, Avezzano and Ardennes sites, with the aim of completing the process for the Lugo di Vicenza plant in the first half of 2025. As regards energy management at its plants, Burgo Energia coordinated energy efficiency measures at the Group's sites. Under the decarbonisation plan to 2030 the Group aims to reduce energy consumption by at least 3% each year through non-strategic energy efficiency interventions. Thanks to the work of various technical working groups set up with all the plants and the consolidated procedures of the Energy Management System, the Group's Italian plants achieved the target for 2024. Next year, the energy efficiency programme will be extended to the Burgo Ardennes plant which, as noted above, was awarded ISO 50001 certification for its energy management system in December 2024 and is ready to tackle the new challenges posed by energy efficiency.

Considering its operations in Italy and abroad, the Burgo Group produced a total of 1,126 GWh of electricity (1,035 GWh in 2023), mainly for self-consumption, and consumed a total of 304 million m3 of natural gas (273 million Sm3 in 2023). Burgo Energia sold electricity totalling 1,266 GWh (968 GWh in 2023) and natural gas totalling 385 million Sm3 (253 million Sm3 in 2023).

Investments

In terms of total investments in tangible assets made during 2024, these amounted to € 38.6 million (€ 49.3 million in 2023). Investments in intangible assets came to € 0.4 million. This is in addition to fixed assets for right of use and leasing totalling € 4.5 million.

In line with the approved Business Plan, the investments programme continued in all plants with projects aimed at new products, improving production and energy efficiency, quality, safety and the environment - with a focus on the transition to decarbonisation - and plant maintenance.

At the Sora plant the Line 2 conversion project was completed, with the launch of the production plant to manufacture multi-ply coated and non-coated paper with a virgin fibre base and suitable for food use.

At Avezzano the authorisation process and design for the development and installation of an anaerobic wastewater treatment plant continued. This plant will enable the production of biomethane for use in the existing boiler, with resulting benefits for energy efficiency.

Another energy saving intervention concerned the completed modernisation of the steam and aerothermal plant of Machine 3 at the Tolmezzo plant.

Meanwhile, at the Ardennes plant, the new 9.8 MW photovoltaic plant entered into operation in October 2024 and will enable significant reductions in electricity withdrawals from the grid. Actions to maintain production capacity and maintain or improve quality continued for the paper and pulp lines.

The commitment to technological renewal, especially in the increasingly critical automation sector, has continued with the updating and optimisation of system performance in order to increase efficiency, productivity and sustainability. As well as the programme to modernise existing systems, progress was made on the project to integrate IT networks with OT operating technology in a single network platform.

In terms of cogeneration, two new major investments were made during the year: the steam turbine at Villorba and the gas turbine at Sarego were replaced, with the new systems both entering operation in October 2024.
The new steam turbine in Villorba will increase the efficiency of the power plant and allow access to high-yield cogeneration incentives.
The works at Sarego will also increase plant efficiency as well as enabling a consistent reduction in atmospheric emissions.

The new Metering and Regulation (M&R) Station currently being commissioned in Tolmezzo will connect the plant to the high-pressure natural gas network, thus enabling the methane compressor of the gas turbine to be definitively decommissioned, delivering considerable savings in terms of energy.

As regards the planned biomass plant in Tolmezzo, the initial authorisation phase has been completed and the project is now in the design phase, a preliminary step prior to the start of the final authorisation process.

Feasibility studies were completed for other projects involving the Group's cogeneration power stations, including the replacement of the gas engine in Treviso.

In terms of renewable energy, the planned installation of a 10 MW photovoltaic system at the Avezzano plant was completed.

Through these actions, the Group is continuing to advance towards its sustainability and decarbonisation goals, developing a productive combination of high-yield cogeneration, renewable energy and highly efficient energy performance.

To implement its policies and objectives regarding health, safety and the environment (HSE), all Group sites continued to make investments related to programmes to prevent and improve the protection of health and safety in the workplace, with particular attention given to environmental protection and compliance with new regulations.

In addition to these technical investments, improvements were also made in the IT sector. In 2024 there was a strong focus on the protection and security of IT and operating resources, further strengthening the cyber security strategy. A new firewall was installed to protect the company's network, and an identity verification and management platform was implemented.
Meanwhile, technological upgrades and improvements continued to be made to operating systems and software.

Research and development

Activities mainly focused on:

- production processes, such as development of innovative technologies to improve competitiveness;
- new products in the graphic, special and packaging sectors.

Production processes

Activities concentrated in particular on maximising non-wood fibres, including those originating as streams from other industrial processes. Studies into the use of post-consumer waste of various origins and types continued, focusing on the recycled flexible packaging and containerboard sectors.
In terms of non-fibrous raw materials, studies and applications continued both in the lab and industrial processes, involving innovative products for functional treatments with a view to eliminating fossil-based materials.

New products

Sustainability, understood as the design of new or existing products with a minimal or reduced environmental impact, including in terms of CO_2 emissions, has been the leading driver of the Group's activities to develop paper for applications traditionally associated with plastic.
More specifically, the introduction of a series of laws and regulations at both national and European level, combined with increased sensitivity on the part of consumers and brand owners regarding the sustainability of products and their reduced environmental impact, have proved to be decisive drivers in the development of graphic, special and packaging products.

The upgrading of Line 2 at Sora has opened the doors to the folding box board and food service board sectors with the creation of the "Sun" brand and the development of a product portfolio based on multi-ply card for packaging and Food & Beverage use.
In the inkjet segment for digital papers, the range of treated and coated products was extended and certified for their advanced print quality.
The rebranding and expansion of the woodfree graphic products range, which includes thickened coated papers and uncoated woodfree for the publishing sector, was also completed.
In the Havana recycled packaging sector, specific products were developed such as flexible and functional packaging, both involving applications that do not strictly pertain to the corrugation sector.
Special emphasis was given to issues relating to recycling and composting in a context of functionalising paper supports for sectors where synthetic materials are already available.

Health, Safety and Environment (HSE)

In line with the Sustainable Development Goals of the UN Agenda 2030 and the Group's internal ESG GO2030 programme, the Burgo Group is fully aware of its role and responsibility to the community and the environment in which it operates, and to guaranteeing access to a healthy and safe working environment for all its collaborators and other stakeholders. With this in mind, the Group considers Health, Safety and Environment (HSE) to be an integral part of a sustainable development model able to protect and guarantee the rights of future generations.

In line the principles enshrined in its Code of Ethics, the Group believes the protection of the environment and the health and safety of its workers to be fundamental values to be upheld in all its activities.

The HSE Department, Sustainability and Integrated Management Systems, established at the headquarters in Altavilla Vicentina is responsible for managing and standardising all activities regarding the Group's HSE Management System, defining action plans, monitoring their application, and coordinating the activities carried out at individual production sites. At each plant, HSE aspects are managed by specially trained and appointed personnel.

Monthly coordination meetings continued during 2024 with the Prevention and Protection Service Officers (RSPP) and Environmental Management System Officers (RSGA), organised from head office, with the aim of assessing progress in achieving improvement goals, reviewing events and non-compliance, preparing any corrective measures, promoting the exchange and sharing of good practices between the Group sites and companies.

The Burgo Group has defined an Integrated HSE Policy which states that the respect for and protection of the environment, natural resources and occupational health and safety are issues that concern the entire organisation and constitute the foundation of the Company's operational and market strategies and environmental commitments.

To optimise the existing system, in 2024 the integrated and systemic approach to HSE was consolidated according to the reference standards (e.g., EMAS Regulation, ISO 14001, ISO 45001) used to implement the company management system. Key aspects were revised and strengthened, focusing in particular on context analysis, risk opportunity analysis, stakeholder engagement, and the continuous improvement of company processes and management systems, with a view to ensuring a more integrated approach to sustainability.

Following this analysis, specific activities, initiatives, programmes and projects were directed towards various system areas to mitigate risks and promote the embracing of new opportunities. This translates into specific goals and improvement targets, defined on an annual basis and managed as part of the management systems with regular status monitoring.
An Integrated QHSE management System Department was created at central level in 2023, with the aim of benefiting from the opportunities provided by the common structure of international ISO standards relating to the management systems adopted (High Level Structure), which support organisations to standardise different management systems and facilitate their integration.

Occupational Health and Safety

Workplace safety is fundamentally important to safeguarding workers' health and wellbeing, to business productivity, and to the Group's overall progress and success. Consequently, occupational health and safety represents an indispensable value for the Burgo Group. Managing occupational safety above all means guaranteeing the health of all stakeholders, and is pursued through risk organisation, assessment and management models that analyse hazards and identify the measures necessary to avoid or reduce them.
The Burgo Group aims to prevent occupational accidents and illnesses by providing its employees and all those who work in its plants with a safe and secure working environment. To reach this target, the Group has adopted integrated and structured systems which provide for the definition, implementation and monitoring of the Company Safety Policy.
In 2024 the plan to obtain ISO 45001 certification for the health and safety management system (HSMS) - a key goal of the ESG GO2030 programme - continued, with a view to obtaining certifications for all of the Group's production sites by 2027. Over the year, ISO 45001 certification was achieved for the Treviso (Mignagola) plant, joining the Villorba, Sora, Toscolano Maderno and Burgo Ardennes plants. The adoption of a HSMS offers a way to systemically reduce accidents and illnesses, promote improvements to employee wellbeing, facilitate regulatory compliance, improve communication, participation and consultation, and increase operational efficiency.

The Group's HSE Committee meets once a month to promote HSE as a key priority for the company as a whole, to review monthly performance and KPIs on HSE aspects, to analyse serious incidents (e.g., accidents/injuries), to share updates, news and projects, and to take decisions on new improvement actions.
Safety Meetings are held periodically and are attended by all key stakeholders, including the Employer and the Prevention and Protection Service Officer (RSPP). At the meeting, the results are compared with the targets and the necessary strategic and operational measures are defined.
All accidents, including near misses, are analysed promptly and in detail, involving all relevant departments and personnel and identifying the root cause of the incident to define the appropriate preventive actions.
The 12 principles campaign for a "new" culture of safety continued during 2024. These principles are aimed at raising awareness and strengthening understanding on safety issues at all levels, providing indications on the correct approach to safety (e.g., safety when working as a team, the application of the 4 Ps (pause for thought, prevent, plan, protect) before starting each work task, etc.) and operating guidelines for managing specific activities.

To support the promotion of a culture inspired by safety and prevention, the Burgo Group is committed to developing and implementing training and information programmes on occupational health and safety. To supplement mandatory training, in 2022 the Group launched the *Vision Zero* initiative. Continued in the subsequent years, the initiative is an interactive training course for plant personnel aimed at increasing individual awareness of the ability to recognise risks and adopt safe preventative behaviour.

To further promote health, safety and environmental issues within the company, in 2024 the Group HSE committee decided to establish the new position of HSE Tutor. The HSE Tutor is a member of the team who carefully monitors HSE aspects on a daily basis and actively contributes to solve problems while promoting a positive HSE culture. The HSE Tutor is first and foremost a reference point for staff and serves as a bridge between Executives/Managers/HSE officers and personnel. The aim is to generate a close internal collaboration on HSE issues at plant level and promote participation and engagement in HSE projects and activities. The HSE Tutor will not replace any existing roles in the organisation and instead is designed to play a catalysing role in the many initiatives in progress.

All of the above activities were conducted in close collaboration with the Supervisory Board pursuant to Legislative Decree 231/2001, which receives periodic reports from the HSE, Sustainability and Integrated Management Systems Department on its targets, plans and performance.

Environmental Management

The Group has assessed the impact of its actions, products and services to manage and prevent negative environmental impacts, promoting the use of the best available technologies at all of the sites in which it operates. All Burgo Group sites operate in compliance with the reference European Directives and according to the provisions of specific authorisations issued by competent bodies and are subject to periodic audits by the relevant authorities to confirm compliance with the legal and regulatory requirements defined in the authorisations.
At each site, an Environmental Management System has been implemented and maintained (all plants are certified compliant with ISO 14001) and periodic internal audits are conducted to monitor the level of application and compliance, and the status of the relative improvement actions and targets.
Due to the nature of its business, the Group's production activities require the management of several environmental aspects. In particular, monitoring and improvement actions refer to:

- energy consumption, with the definition of several investment and process efficiency projects;
- the use of water resources with reduced water consumption policies;
- the management of waste and by-products as part of the circular economy;
- GHG emissions with the adoption of the best available technologies (BAT) published in the reference documents issued by the European Union.

Investments in HSE

So as to implement its policies and objectives regarding the environment, health and safety (HSE), all Group sites continued to make investments related to programmes to prevent and improve the protection of health and safety of workers, protect the environment and comply with regulatory changes.
The main investment projects aimed at HSE management in 2024 regarded:

- improvements to plant and machine safety at all Group sites;
- upgrades related to fire safety and loss prevention;
- the installation of lifelines and anti-fall devices;
- the installation of energy consumption reduction and energy efficiency systems (e.g. measures to optimise vacuum plants);
- improving security and extraordinary maintenance on sewage treatment works;
- work on managing the water cycle, with the aim of reducing consumption.

Personnel

In 2024, around 48,000 hours of training were provided, of which almost 17,500 linked to worker safety and health aspects.

Group employees, including temporary workers, at 31 December 2024 totalled 2,887, compared to 2,934 at the end of 2023.

Personnel at 31 December	**31 Dec 2023**	**31 Dec 2024**	**change**	**% change**
Burgo Group	1,108	1,088	(20)	-1.8%
Italian subsidiaries	1,093	1,061	(32)	-2.9%
Foreign subsidiaries	733	738	5	0.7%
	2,934	**2,887**	**(47)**	**-1.6%**

The Group makes use of temporary workers, for the most part at Burgo Ardennes, which in 2024 had 146 (FTE), compared to 186 in 2023.

Use of social safety nets was more limited in 2024 compared to the previous year following a small but gradual uptake in demand. In fact, in 2024 production volumes recovered somewhat after 2023, which was characterised by a stagnant economy and extraordinary destocking processes.

The table below illustrates the recourse made to social safety nets in 2024:

Social safety nets (CIGO) hours	**31 Dec 2023**	**31 Dec 2024**	**change**	**% change**
CIGO	531,118	165,563	(365,555)	-68.8%
CIGS	-	53,766	53,766	0%
	531,118	**219,329**	**(311,789)**	**-58.7%**

In view of the continuation of an especially complex socio-economic context, once again in 2024 the Group provided € 400,000 in bonuses for workers to alleviate the negative effects of inflation as far as possible.

Financial risk management policy and coverage

Financial instruments in terms of liabilities mainly consist of payables due to financial institutions, derivatives that can also be used to cover interest rate, exchange rate and commodities risks and trade payables. On the assets side, they consist of cash and cash equivalents, investments in listed shares and securities, trade receivables and financial instruments that can be stipulated as hedges against interest rate and exchange rate risks. The Group is exposed to the following risks indicated below. This section outlines the objectives, policies, management processes and methods used to assess them:

1 Credit risk
2 Liquidity risk
3 Market risk

In each section of comments on financial statement items, the 2024 Financial Statements provide additional quantitative information.
The disclosure required under IFRS 7 was included within the Notes to the individual and consolidated financial statements.

1 • Credit risk

This represents the risk that a customer or a counterparty to a financial instrument causes a financial loss by not complying with an obligation and mainly derives from trade receivables and financial investments.

Trade receivables and other receivables

Within the context of its credit management activities through the dedicated department, the Group has established an internal process with the aim of defining every customer's creditworthiness and carefully monitoring credit limits and overdue items. Risk control is based on constant analysis of customers with overdue items or who have exceeded their credit limits, monitored daily for activation of corrective actions, which range from blocking orders to legal action. Internal activities are further supported by instruments of coverage available on the market, including insurance policies and without recourse transfer of receivables. Sales are supported by insurance coverage stipulated with major insurance companies for first and second level credit (top up).
In 2024, Burgo Group S.p.A., Mosaico S.p.A. And Burgo Distribuzione S.r.l. renewed the certification of the credit management system with regards to the domestic UNI 44:2018 standard and the international TUV Rheinland CMC: 2012 standard.

Financial investments

Exposure to credit risk is limited by exclusively investing in securities with high liquidity and only with counterparties recognised as reliable by the market.
Financial assets also include time deposit investments made with Italian banks known to be reliable.

Guarantees

Group policies allow for the issuing of financial guarantees only relative to associated companies. Collateral is also provided in certain cases, relative to subsidised finance operations or for medium-term financing.

2 • Liquidity risk

Liquidity risk is the risk that the Group will have difficulty complying with its obligations relative to financial liabilities.
The approach to liquidity management is aimed at guaranteeing, as much as possible, that there are always sufficient funds available to comply with obligations when maturity dates are reached.
The Group performs liquidity analysis as a function of budget forecasts, determining short, medium and long-term cash flows.
Estimates are periodically reviewed to ensure there is adequate on demand cash and cash equivalents to cover operating expenses forecast for a period of around 12 months.
To meet short-term financial needs as at 31 December 2024, short-term credit lines were available, totalling around € 238.1 million, of which € 201.4 million in Italy and € 36.7 million in Belgium available to Burgo Ardennes. The Burgo Group also has access to a Revolving line totalling € 100 million that was unused as at 31 December 2024.
The Group also has access to without-recourse factoring lines with a total limit of more than € 100 million, in addition to a limit with recourse of about € 8 million on Burgo Ardennes included in the ST lines.
For long-term financial requirements, the Group has loans of around € 173.5 million.
It should be noted that time deposits have been opened for the remuneration management of cash in current accounts. As at 31 December 2024 time deposits totalled around € 122.7 million.

3 • Market risk

Market risk is the risk that the fair value or future financial flows associated with a financial instrument fluctuate following a change in market prices, a change in exchange rates, interest rates or the prices of equity instruments. The objective is to manage and control exposure to this risk, keeping it within acceptable levels, while simultaneously optimising returns on investments.

Risk associated with interest rate fluctuations

The Group hedged against the interest rate fluctuations on the pool loan contract and the Sace-guaranteed loan contract. As at 31 December 2024, hedging on the three main loans totalling € 152.6 million (Amortising Line, Bullet Line and Sace-guaranteed Line) was approximately 98%.

Exchange risk

In relation to sales activities, purchases and sales are made in other currencies, at present mainly in USD and GBP.
Therefore, hedging policies are mainly focused on stipulating futures contracts against the euro.
Additionally, other currencies are periodically monitored, which may be used in invoices on a continuous or occasional basis.
Hedges are carried out on the basis of estimates of future financial flows in currencies on the basis of invoices payable and receivable, and taking budget forecasts into account.
Exchange risk hedging transactions are carried out to neutralise the effects induced by changes in the exchange rate on the value in euro of cash flows denominated in foreign currencies.
Hedging policies allow use of forward contracts and options relative to exchange rates, to guarantee the most flexible coverage. As at 31 December 2024 there were no forex derivatives.
The period of coverage for hedges is normally three months.

Equity risk

In the context of its investment activities, the Group purchases equity investments for investment purposes.

Commodity risk

The strategic objective is to stabilise profit margins in terms of reducing risks associated with volatility in the prices of gas, electricity, CO_2 and materials used in production processes, in order to minimise exposure to risk and possible associated losses.
With an eye to continuously reducing loss risks, the Group has the simultaneous objective of minimising costs associated with obtaining its production factors. To that end, the Group may make use of instruments to cover risk, including fixed price purchases, forward purchases and financial swaps.

Burgo Group results and financial structure

The 2024 financial year shows an increase in **total operating revenue and income** from € 1,529.4 million in 2023 to € 1,533.2 million in 2024 (up by 0.2%), recording **adjusted EBITDA** of € 140.2 million, compared to € 157.3 million in 2023.

The first part of the year was characterised by recovering demand in all market segments served by the Group, especially special paper and containerboard, with all customers purchasing more consistent volumes after the weak demand seen in 2023. Demand fell in the second part of the year, especially in the third quarter, before bouncing back in the final quarter. Overall, sales volumes grew in 2024 compared to 2023 despite not yet benefiting fully from the effects of the new investments made in the carton board and flexible packaging segments.
The year was characterised by higher raw materials costs, particular for wood, fibre, carbonates and paper for recycling, and lower average costs for natural gas compared to 2023, despite the marked rise in the second half of the year.
In a context in which raw materials costs were higher than in the previous year, the Group continued its policy to continuously improve production and energy efficiency. Given the cost dynamics shown above, average sales prices were lower than in 2023, although in 2024 there was a general upwards trend between the start and end of the year with a view to offsetting the impact of these dynamics.

In financial terms, **net financial position** at the end of the year was cash positive by € 121.2 million, a further improvement from the previous year, which had already showed a liquidity of € 113.8 million. This improvement, which amounted to € 7.4 million, mainly derives from the gross margins realised during the year for € 140.2 million, and the generation of cash on hand resulting from the decrease in trade receivables for € 11.4 million. These positive financial flows more than offset the negative flows stemming predominantly from investments for € 43.4 million, increased inventories for € 9.7 million, the reduction in payables due to suppliers for € 20 million, the payment of net financial expenses and taxes for € 23.3 million, and the distribution of dividends for approximately € 23 million.

Consolidated Income statement for the year €/000	**31 Dec 2023**	**31 Dec 2024**	**% change**
Revenues	1,470,813	1,466,094	-0.3%
Other income	58,639	67,067	
Total operating revenues and income	**1,529,452**	**1,533,161**	**0.2%**
Costs for materials and external services	(1,060,632)	(1,198,650)	
Personnel expenses	(174,705)	(173,786)	
Other operating expenses	(43,927)	(31,228)	
Change in inventories	(93,964)	9,725	
Capitalised costs for internal work	1,107	1,017	
Total operating expenses	**(1,372,121)**	**(1,392,921)**	**1.5%**
Adjusted EBITDA	**157,331**	**140,240**	**-10.9%**
Depreciation and amortization	(46,678)	(46,989)	
Capital gains/losses on disposal of non-current assets	899	(164)	
EBIT before non-recurring expenses and income and restructuring	**111,552**	**93,086**	
Write-backs/write-downs of non-current assets	(5,837)	(4,050)	
Income/expenses of a non-recurring nature and for restructuring	(9,054)	(17,133)	
Operating result (EBIT)	**96,661**	**71,903**	
Financial expenses	(13,152)	(13,467)	
Financial income	7,644	11,678	
Result before taxes	**91,153**	**70,114**	**-23.1%**
Income taxes	(17,595)	(15,215)	
Profit/(loss) for the period	**73,558**	**54,899**	

Revenues from ordinary operations in 2024 amounted to € 1,466.1 million, down by € 4.7 million (-0.3%) with respect to the € 1,470.8 million seen in 2023. The reduction in revenues is due to lower unit prices (both for paper products and energy), which were only partially offset by positive sales volumes. In particular, paper revenues decreased by € 22.2 million (-1.9%) and energy revenues by € 3.6 million (-2.1%).
The amount of paper sold totalled 1,174 thousand t, up by 5.7% with respect to the 1,111 thousand t sold in 2023. The reduction in average sales prices year-on-year was mainly recorded in the first part of the year, continuing the trend of the final months of the previous year before recovering towards the summer.

Other income totalled € 67.1 million (€ 58.6 million the previous year) due to green and white environmental certificates and income from electricity and gas interruptibility agreements.

Operating expenses totalled € 1,392.9 million against € 1,372.1 million the previous year, an increase of 1.5%. Within operating expenses, personnel amounted to € 173.8 million, compared to € 174.7 million the previous year. Meanwhile, other operating expenses came to € 31.2 million, down by € 12.7 million compared to the previous year mainly due to lower provisions for risk and charges and lower CO_2 certificate costs.
Unit costs for raw materials increased compared to 2023 due to rising prices, particular for fibres and paper for recycling. Average natural gas prices fell compared to the previous year, which partially offset the higher quantities of gas used to meet increased paper production needs and the resulting increase in CO_2 emissions.

Adjusted EBITDA was € 140.2 million, against € 157.3 million in 2023. In percentage terms, EBITDA amounted to 9.1% of total operating revenue and income, compared to 10.3% the previous year. Margins measured on the Group's pulp and paper revenues also decreased from 12.4% in 2023 to 11.1 % in 2024.

Depreciation and amortization were generally stable compared to the previous year, amounting to € 47.0 million in 2024 and € 46.7 million in 2023.
The **operating result before non-recurring transactions**, amounted to € 93.1 million, compared to € 111.6 million the previous year.
Write-downs on non-current assets amounting to € -4.1 million were made on plants and machinery at one plant of the subsidiary Mosaico S.p.A.
Non-recurring income and expenses in 2024 amounted to € -17.1 million, compared to € -9.1 million last year, and refer predominantly to expenses for extraordinary operations, for environmental remediation, and for decommissioned sites.

Financial expenses was generally stable, rising from € 13.2 million in 2023 to € 13.5 million in 2024.
Financial income increased during 2024, rising to € 11.7 million from € 7.6 million in 2023, mainly due to higher interest income accruing on investments in time deposits.
As a consequence of the above, the **profit for the period**, after income taxes of € -15.2 million, came to € 54.9 million, compared to profit of € 73.6 million the previous year.

Non-recurring expenses and restructuring costs

To improve the comparability of amounts with the previous year, the company identifies non-recurring income and expenses in the Report on Operations, indicating these separately.
The aspects considered when identifying extraordinary and/or non-recurring components are:

- **Significance**
- **Nature**
- **Size and impact**

The categories identified as extraordinary and/or non-recurring components based on the Group's accounting policies are:

- Expenses or income, also of financial nature, connected to significant non-recurring events or transactions, or transactions or events of an exceptional nature (e.g. natural disasters such as earthquakes, fires, floods, hurricanes, epidemics);
- Expenses or income, also of financial nature, connected to extraordinary operations such as acquisitions or disposals of companies (e.g. capital gains and losses on sales of fixed assets, integration costs);
- Costs, also of financial nature, for restructuring and integration operations (e.g. costs for employee redundancy incentives, costs to close and manage facilities no longer operational, other costs which would not be incurred in the absence of the restructuring and/or integration);
- Costs for the initial start-up of systems incurred to make the asset fully operational, if they cannot be capitalised and are significant;
- write-downs/write-backs on fixed assets and equity investments, goodwill write-downs due to impairment;
- Non-recurring financial expenses.

In preparing this type of disclosure, the company took note of the practices used by its competitors, as well as by other entities operating on regulated markets. Additionally, regulatory references were considered such as the guidelines issued by the European Security Market Authority (ESMA) and CONSOB communications. Although these are not regulations the company is required to follow, they are important guidelines and references.

The indicator selected by management to represent its performance, after removing items relative to extraordinary costs and/or non-recurring operations, is the Gross Operating Margin (EBITDA). In the context of the disclosure regarding the nature and amount of the most significant cost and revenue items (IAS 1 - paragraph 97), below is a reconciliation schedule and a description of non-recurring items.
Below is a schedule reconciling non-recurring components relative to 2024.

Consolidated Income statement for the year €/000	**31 Dec 2024** INCOME STATEMENT including non-recurring components	non-recurring components	INCOME STATEMENT excluding non-recurring components
Revenues	1,466,094	-	1,466,094
Other income	67,067	-	67,067
Total operating revenues and income	**1,533,161**	**-**	**1,533,161**
Costs for materials and external services	(1,198,650)	(14,568)	(1,213,219)
Personnel expenses	(173,786)	-	(173,786)
Other operating expenses	(31,228)	(2,565)	(33,792)
Change in inventories	9,725	-	9,725
Capitalised costs for internal work	1,017	-	1,017
Total operating expenses	**(1,392,921)**	**(17,133)**	**(1,410,054)**
Adjusted EBITDA	**140,240**	**-**	**-**
Depreciation and amortization	(46,989)	-	(46,989)
Capital gains/losses on disposal of non-current assets	(164)	-	(164)
EBIT before non-recurring expenses and income and restructuring	**93,086**	**(17,133)**	**75,953**
Write-backs/write-downs of non-current assets	(4,050)	-	(4,050)
Income/expenses of a non-recurring nature and for restructuring	(17,133)	17,133	-
Operating result (EBIT)	**71,903**	**-**	**71,903**
Financial expenses	(13,467)	-	(13,467)
Financial income	11,678	-	11,678
Result before taxes	**70,114**	**-**	**70,114**
Income taxes	(15,215)	-	(15,215)
Profit/(loss) for the period	**54,899**	**-**	**54,899**

The non-recurring and discontinued components identified refer mainly to:

- Expenses totalling € 6.7 million deriving from extraordinary operations;
- Expenses for € 7 million relative to extraordinary maintenance of certain assets at the Duino plant, which was disposed of in 2023;
- Expenses for € 0.4 million associated with decommissioned plants;
- provisions for environmental remediation for € 3 million.

Statement of financial position: Assets €/mln	**31 Dec 2023**	**31 Dec 2024**	**Change**
Non-current assets	**460.5**	**451.1**	**(9.5)**
Property. plant and equipment	385.1	377.2	(7.8)
Intangible assets	13.4	18.2	4.8
Other non-current assets	26.1	26.7	0.6
Deferred tax assets	36.0	29.0	(7.1)
Current assets	**729.2**	**719.7**	**(9.5)**
Total assets	**1,189.7**	**1,170.8**	**(19.0)**

Statement of financial position: Liabilities €/mln	**31 Dec 2023**	**31 Dec 2024**	**Chang**
Shareholders' equity	**509.4**	**540.7**	**31.3**
Shareholders' equity pertaining to the Group	505.5	536.7	31.2
Shareholders' equity attributable to non-controlling interests	3.9	4.0	0.1
Non-current liabilities	**262.4**	**127.9**	**(134.5)**
Current liabilities	**418.0**	**502.2**	**84.2**
Total shareholders' equity and liabilities	**1,189.7**	**1,170.8**	**(19.0)**

Net tangible and intangible **fixed assets** decreased, going from € 398.5 million to € 395.4 million. The change is mainly attributable to the sum of investments in tangible and intangible assets totalling € 43.4 million, disposals for approximately € 0.6 million, write-downs for € 4.1 million, provisions for € 47.0 million and a positive net change of € 5.2 million for more environmental certificates registered for intangible fixed assets at year-end.

Inventories increased by € 9.7 million, while **trade receivables from customers** fell by € 11.4 million and **trade payables to suppliers** by € 20.2 million, mainly due to the reduction in revenues towards the end of the year which contributed to generating an overall expansion in **operating working capital** of € 18.5 million. The optimisation of collection and payment conditions continued to be advanced during the year.

Net financial position was cash positive for € 121.2 million, compared to € 113.8 million in the previous year.

Shareholders' equity increased by € 31.3 million from € 509.4 million to € 540.7 million. The main changes are attributable to the profit for the year of € 54.9 million, overall negative changes to OCI totalling € 0.7 million, and the payment of dividends in the amount of € 23 million.

Breakdown of net financial position €/mln	**31 Dec 2023**	**31 Dec 2024**	**Change**
Current financial assets	330.7	323.8	(7.0)
Short-term financial payables	(49.6)	(155.8)	(106.2)
Medium/long-term financial assets	8.3	6.3	(2.0)
Medium/long-term financial payables	(175.6)	(53.1)	122.6
Net financial position	**113.8**	**121.2**	**7.4**

Capital and financial structure €/mln	31 Dec 2023	31 Dec 2024	Change
Intangible assets	13.4	18.2	4.8
Property, plant and equipment	385.1	377.2	(7.8)
Other non-current assets:			
Equity investments	7.2	9.1	1.9
Other receivables and non-current assets	10.6	11.4	0.8
Net fixed assets	**416.2**	**415.8**	**(0.4)**
Inventories	184.8	194.6	9.7
Trade receivables	184.4	173.0	(11.4)
Trade payables	(305.6)	(285.4)	20.2
Working capital	**63.7**	**82.2**	**18.5**
Other receivables and current assets	29.2	28.4	(0.8)
Deferred tax assets	36.0	29.0	(7.1)
Provisions for deferred tax liabilities	(14.1)	(13.1)	1.1
Provisions for risks and charges	(55.9)	(46.7)	9.2
Other payables and non-current liabilities	(0.5)	(0.6)	(0.1)
Payables for current taxes	(7.5)	(8.6)	(1.1)
Other payables and current liabilities	(55.3)	(52.4)	2.9
Other operating assets and liabilities	**(68.1)**	**(64.1)**	**4.0**
Working capital	**(4.5)**	**18.1**	**22.5**
Invested capital, after deducting operating liabilities	**411.8**	**433.9**	22.1
Severance indemnities and other provisions related to personnel	(16.2)	(14.5)	1.7
Invested capital, after deducting operating liabilities and severance indemnities (TFR)	**395.6**	**419.5**	**23.9**
Share capital	(90.0)	(90.0)	-
Reserves	(196.8)	(176.2)	20.5
Accumulated profits/(losses) including profit/(loss) for the period	(218.7)	(270.4)	(51.7)
Shareholders' equity attributable to non-controlling interests	(3.9)	(4.0)	(0.1)
Own capital	**(509.4)**	**(540.7)**	**(31.3)**
Financial receivables and other non-current financial assets	8.3	6.3	(2.0)
Financial receivables and other current financial assets	58.3	54.9	(3.4)
Cash on hand and other cash equivalents	272.4	268.9	(3.6)
Non-current financial liabilities	(175.6)	(53.1)	122.6
Current financial liabilities	(49.6)	(155.8)	(106.2)
Net financial position	**113.8**	**121.2**	**7.4**
Total coverage	**(395.6)**	**(419.5)**	**(23.9)**

Analysis by index	31 Dec 2023	31 Dec 2024
ROS (EBIT/Revenues)	6.32%	4.69%
AT (Assets turnover: Turnover/Average invested capital)	1.19	1.30
ROI (EBIT/Average invested capital) = ROS x AT	**7.54%**	**6.09%**
Debt ratio (CI/CN)	3.41	3.05
Impact of non-management expenses	0.76	0.76
ROE (ROI*CI/CN*RN/RO)	**19.56%**	**14.21%**
ROCE (Operating income/Net average invested capital)	**21.39%**	**17.64%**
NFP/Shareholders' equity	**-0.22**	**-0.22**
NFP/EBITDA	**-0.72**	**-0.86**

Parent company Burgo Group S.p.A. results and financial structure

Income statement for the year €/000	31 Dec 2023	31 Dec 2024	% change
Revenues	869,476	803,964	-7.5%
Other income	21,860	23,085	
Total operating revenues and income	**891,336**	**827,049**	**-7.2%**
Costs for materials and external services	(711,412)	(710,652)	
Personnel expenses	(59,351)	(58,657)	
Other operating expenses	(20,062)	(11,954)	
Change in inventories	(55,054)	6,944	
Capitalised costs for internal work	528	338	
Total operating expenses	**(845,351)**	**(773,981)**	**-8.4%**
Adjusted EBITDA	**45,985**	**53,068**	**15.4%**
Depreciation and amortization	(19,071)	(19,246)	
Capital gains/(losses) on disposal of non-current assets	870	(177)	
EBIT before non-recurring expenses and income and restructuring	**27,784**	**33,646**	
Write-backs/write-downs of non-current assets	(3,028)	-	
Income/expenses of a non-recurring nature and for restructuring	(5,694)	(14,026)	
Operating result (EBIT)	**19,061**	**19,619**	
Financial expenses	(10,283)	(11,156)	
Financial income	59,005	65,196	
Result before taxes	**67,783**	**73,659**	**8.7%**
Income taxes	(155)	(242)	
Profit/(loss) for the period	**67,628**	**73,417**	

The 2024 financial year shows a reduction in **total operating revenue and income** from € 891.3 million in 2023 to € 827 million in 2024 (down by 7.2%), recording **adjusted EBITDA** at € 53.1 million, compared to € 46 million in 2023.
During the year demand generally recovered across all market segments served by the Group, especially in the first six months of the year. In the graphic papers segment the Company benefited from a mild recovery in sales due to customers' need to replenish paper stocks, which had declined in 2023 after the post-pandemic bounce back. The containerboard sector, in particular the recycled paper segment in which the Burgo Group S.p.A. operates, recorded a rise in sales of +3.6% in percentage terms compared to the previous year. However, the Company has not yet been able to benefit fully from the general growth of the cartonboard and flexible packaging segment, a market that it initially began to approach after investing in the Sora plant in early 2024. In a context in which raw materials costs were higher than in the previous year, the Company continued its policy to continuously improve production and energy efficiency.

Revenues from ordinary operations in 2024 amounted to € 804 million, against € 869.5 million in 2023, a decrease of 7.5%. The reduction in revenues is due to lower unit prices (both for paper products and energy), which were only partially offset by positive paper sales volumes. The volume of paper sales was 853 thousand tonnes, compared to 839 thousand tonnes the previous year, recording an increase of 14 thousand tonnes (+1.8%).
The negative change relating to paper sales, which totalled € 48.5 million, can mainly be broken down into a negative price effect amounting to € 63 million, offset by the positive effect of higher volumes, which amounted to € 14 million.
Additionally, **other income** totalling € 23.1 million was recorded due, as in the previous year, to environmental certificates and interruptibility agreements (€ 21.9 million the previous year).

Total **operating expenses** came to € 774 million against € 845 million in 2023 (-8.4%). Within operating expenses, personnel expenses amounted to € 58.7 million. Unit costs for raw materials increased compared to 2023 due to rising prices, particular for fibres and paper for recycling. Average natural gas prices fell compared to the previous year, which partially offset the higher quantities of gas used to meet increased paper production needs and the resulting increase in CO_2 emissions.

Depreciation and amortization amounted to € 19.2 million, in line with the previous year (€ 19.1 million).
Operating income, before non-recurring transactions, amounted to € 33.6 million, against € 27.8 million the previous year.
Net non-recurring income/expenses totalled € -14 million, mainly relative to expenses associated with extraordinary operations, environmental remediation, and decommissioned sites (see next paragraph for more details).

The result of **financial management** was positive at € 54 million, against € 49 million recorded in 2023. The increase is mainly due to increased dividends collected and higher interest accrued from banks on time-deposits.

The **result before taxes** was positive at € 73.7 million, against the positive € 67.8 million recorded the previous year.

The **profit for the period** amounts to € 73.4 million, compared to profit of € 67.6 million the previous year.

Non-recurring expenses

Please find below a schedule reconciling non-recurring components relative to 2024. With regard to the methodology, please refer to the comments on the consolidated income statement figures, as indicated above.

Income statement for the year €/000	**31 Dec 2024** INCOME STATEMENT including non-recurring components	non-recurring components	INCOME STATEMENT excluding non-recurring components
Revenues	803,964	-	803,964
Other income	23,085	-	23,085
Total operating revenues and income	**827,049**	**-**	**827,049**
Costs for materials and external services	(710,652)	(13,462)	(724,114)
Personnel expenses	(58,657)	-	(58,657)
Other operating expenses	(11,954)	(565)	(12,518)
Change in inventories	6,944	-	6,944
Capitalised costs for internal work	338	-	338
Total operating expenses	**(773,981)**	**(14,026)**	**(788,007)**
Adjusted EBITDA	**53,068**	**-**	**-**
Depreciation and amortization	(19,246)	-	(19,246)
Capital gains/losses on disposal of non-current assets	(177)	-	(177)
EBIT before non-recurring expenses and income and restructuring	**33,646**	**(14,026)**	**19,619**
Write-backs/write-downs of non-current assets	-	-	-
Income/expenses of a non-recurring nature and for restructuring	(14,026)	14,026	-
Operating result (EBIT)	**19,619**	-	**19,619**
Financial expenses	(11,156)	-	(11,156)
Financial income	65,196	-	65,196
Result before taxes	**73,659**	**-**	**73,659**
Income taxes	(242)	-	(242)
Profit/(loss) for the period	**73,417**	**-**	**73,417**

The non-recurring operating income and expenses identified refer to:

- Expenses totalling € 6.7 million deriving from extraordinary operations and activities;
- Expenses incurred by the Company for the extraordinary maintenance of certain assets at the Duino plant, which was disposed of in 2023, for € 7 million;
- Expenses for € 0.4 million associated with decommissioned plants.

Statement of financial position: Assets €/mln	**31 Dec 2023**	**31 Dec 2024**	**Change**
Non-current assets	**640.7**	**638.4**	**(2.3)**
Property, plant and equipment	152.8	156.2	3.3
Intangible assets	1.9	1.6	(0.4)
Other non-current assets	461.5	462.6	1.0
Deferred tax assets	24.4	18.1	(6.3)
Current assets	**474.8**	**453.3**	**(21.6)**
Total assets	**1,115.5**	**1,091.7**	**(23.9)**

Statement of financial position: Liabilities €/mln	**31 Dec 2023**	**31 Dec 2024**	**Change**
Shareholders' equity	**(569.6)**	**(618.2)**	**(48.6)**
Non-current liabilities	**(193.0)**	**(61.4)**	**131.6**
Current liabilities	**(352.9)**	**(412.0)**	**(59.1)**
Total shareholders' equity and liabilities	**(1,115.5)**	**(1,091.7)**	**23.9**

During the year technical investments totalling € 17.4 million were made (€ 22.4 million in 2023). Together with capitalisation of financial expenses, internal work and advances on plant maintenance, these bring the total to € 19.3 million. Recognition of rights of use due to application of IFRS 16 during the year amounted to € 3.5 million, compared to € 0.9 million in the previous year. Increases relative to intangible fixed assets amounted to € 0.4 million (€ 0.6 million in 2023).

Trade receivables went from € 118.5 million in 2023 to € 93.1 million and **warehouse** inventories went from € 57.9 million to € 64.9 million. **Payables due to suppliers** decreased from € 220.6 million at the end of 2023 to € 158.8 million.

Net financial position was cash positive for € 26.8 million, in line with the data at the close of the previous year (€ 26.9 million).

Shareholders' equity amounted to € 618.2 million against € 569.6 million at the end of 2023, rising by € 48.6 million mainly due to the net profit for the period of € 73.4 million and the distribution of dividends during the year for € 22.8 million.

Breakdown of net financial position €/mln	**31 Dec 2023**	**31 Dec 2024**	**Change**
Current financial assets	272.9	277.2	4.3
Short-term financial payables	(104.9)	(225.6)	(120.7)
Medium/long-term financial assets	9.7	8.2	(1.6)
Medium/long-term financial payables	(150.8)	(32.9)	117.9
Net financial position	**26.9**	**26.8**	**(0.1)**

Capital and financial structure €/mln	31 Dec 2023	31 Dec 2024	Change
Intangible assets	1.9	1.6	(0.4)
Property, plant and equipment	152.8	156.2	3.3
Other non-current assets:			
Equity investments	441.6	443.5	1.9
Other receivables and non-current assets	10.2	10.9	0.8
Net fixed assets	**606.6**	**612.2**	**5.6**
Inventories	57.9	64.9	6.9
Trade receivables	118.5	93.1	(25.5)
Trade payables	(220.6)	(158.8)	61.8
Working capital	**(44.1)**	**(0.8)**	**43.3**
Other receivables and current assets	25.5	18.1	(7.4)
Deferred tax assets	24.4	18.1	(6.3)
Provisions for risks and charges	(34.4)	(21.6)	12.8
Payables for current taxes	(2.1)	(2.6)	(0.5)
Other payables and current liabilities	(25.4)	(25.0)	0.3
Other operating assets and liabilities	**(12.1)**	**(13.0)**	**(1.0)**
Working capital	**(56.2)**	**(13.8)**	**42.3**
Invested capital, after deducting operating liabilities	**550.4**	**598.3**	**47.9**
Severance indemnities and other provisions related to personnel	(7.7)	(6.9)	0.8
Invested capital, after deducting operating liabilities and severance indemnities (TFR)	**542.7**	**591.4**	**48.7**
Share capital	(90.0)	(90.0)	-
Reserves	(264.7)	(242.7)	22.0
Accumulated profits/(losses) including profit/(loss) for the period	(214.9)	(285.5)	(70.6)
Own capital	**(569.6)**	**(618.2)**	**(48.6)**
Financial receivables and other non-current financial assets	9.7	8.2	(1.6)
Financial receivables and other current financial assets	29.2	25.9	(3.2)
Cash on hand and other cash equivalents	243.7	251.2	7.5
Non-current financial liabilities	(150.8)	(32.9)	117.9
Current financial liabilities	(104.9)	(225.6)	(120.7)
Net financial position	**26.9**	**26.8**	**(0.1)**
Total coverage	**(542.7)**	**(591.4)**	**(48.7)**

Performance of subsidiaries and associated companies

Subsidiaries

Burgo Ardennes S.A.
(*reporting prepared in accordance with the international accounting standards*)
Revenues amounted to € 378.2 million (€ 409.8 million the previous year).
The gross operating margin (EBITDA) was € 37.9 million, against € 35.2 million the previous year.
Profit for the period came to € 12 million, against € 8.8 million the previous year.

Mosaico S.p.A.
(*financial statements prepared in accordance with the international accounting standards*)
Revenues amounted to € 460.9 million (€ 457.3 million the previous year).
The gross operating margin (EBITDA) was € 33.9 million, against € 59.1 million the previous year.
Profit for the period came to € 12.5 million, against € 37.2 million the previous year.

Burgo Distribuzione S.r.l.
(*financial statements prepared in accordance with the international accounting standards*)
Revenues amounted to € 167.3 million (€ 175.2 million the previous year).
The gross operating margin (EBITDA) was € 5.1 million, against € 6.2 million the previous year.
Profit for the period came to € 3.4 million, against € 4.1 million the previous year.

Burgo Energia S.r.l.
(*financial statements prepared in accordance with the international accounting standards*)
Revenues amounted to € 263.5 million (€ 261.8 million the previous year).
The gross operating margin (EBITDA) was € 8.1 million, against € 8.8 million the previous year.
Profit for the period came to € 4.9 million, against € 5.3 million the previous year.

Burgo Factor S.p.A.
(*financial statements prepared in accordance with the international accounting standards*)
The company managed total receivables equal to € 148.9 million (€ 142 million the previous year).
Net profits for the year came to € 2.6 million, against € 2.2 million the previous year.

Gever S.p.A. in liquidation

(*financial statements prepared in accordance with the international accounting standards*)
Revenues amounted to € 0.00 million (€ 0.01 million the previous year).
The gross operating margin (EBITDA) was € 0.54 million, against € 0.01 million the previous year.
Profit for the period came to € 0.42 million, against € 0.03 million the previous year.
The company was put into liquidation in 2021 due to it not being possible to achieve the corporate purpose following the sale of the Verzuolo plant and the relative power plant.

Burgo Recycling S.r.l.

(*financial statements prepared in accordance with national accounting standards*)
Revenues amounted to € 17.0 million (€ 2.3 million the previous year), the gross operating margin (EBITDA) was € 0.2 million (€ 0.3 million the previous year) and profit for the period was € 0.1 million (€ 0.2 million the previous year).

Other foreign companies

The foreign sales companies (Burgo Central Europe, Burgo France, Burgo Ibérica Papel, Burgo UK, Burgo Benelux, Burgo North America, SEFE and Burgo Eastern Europe) and SEFE achieved a profit as a whole, equal to € 0.2 million (€ 0.2 million the previous year).

Affiliated companies

Consorzio Energy Paper S.c.a.r.l.

(*financial statements prepared in accordance with national accounting standards*)
Revenues totalled € 38.2 million, the gross operating margin (EBITDA) was € 0.0 million and the profit for the period was € 0.0 million.

Relations with subsidiaries, affiliated companies and parent companies

The parent company Burgo Group S.p.A., in addition to its institutional role providing management and coordination for its subsidiaries and affiliated companies, also has instrumental relationships with these same companies, with the objective of achieving maximum synergy within the Group both relative to production and organisational and financial aspects, including sales and service relationships, all of which are governed under market conditions or using cost breakdown methodology.
The Company purchases:

- paper and pulp from Burgo Ardennes;
- paper from Mosaico;
- electricity, gas and correlated services from Burgo Energia;
- secondary raw materials from Burgo Recycling;
- brokering and sales services from Burgo Ibérica Papel, Burgo Central Europe, Burgo France, Burgo UK, Burgo Benelux, Burgo Eastern Europe, Burgo North America and Burgo Distribuzione.

The parent company supplies:

- paper products to Burgo Ardennes, Mosaico and Burgo Distribuzione;
- excess electricity produced in the power plants to Burgo Energia;
- administrative, tax, legal, financial and treasury, IT services and personnel seconding to all Group companies;
- guarantees in the interests of Burgo Factor, Burgo Energia, Gever, Burgo Distribuzione and Burgo Recycling;
- insurance coverage to Mosaico, Burgo Factor, Burgo Distribuzione, Burgo Energia, serving as an intermediary with the companies;
- Interruptibility service relating to the affiliate Consorzio Energy Paper.

Burgo Factor provides factoring services for receivables due to the Group from its suppliers.
Burgo Group S.p.A., as the manager of the Group's centralised treasury, credits and debits associated companies with regards to financial income and expenses at market rates, in shared current accounts.
The Company makes use of the ability to consolidate the individual items receivable and payable relative to Burgo Distribuzione S.r.l., Burgo Energia S.r.l., Gever S.p.A., Burgo Factor S.p.A., Mosaico S.p.A. and Burgo Recycling S.r.l for IRES purposes and to Burgo Distribuzione S.r.l., Burgo Energia S.r.l., Gever S.p.A., Mosaico S.p.A. and Burgo Recycling S.r.l. for VAT purposes, according to the applicable tax regulations in force.

Finally, the affiliated company Consorzio Energy Paper provides brokering services for the electrical load interruptibility service provided to Terna.
Among the Group companies, the above relationships are indicated quantitatively in the table below:

Relations with related parties €/000	Subsidiaries		Total financial statement items			
	31 Dec 2023	31 Dec 2024	31 Dec 2023	%	31 Dec 2024	%
Financial receivables and other non-current financial assets	2,800	2,800	9,750	29%	8,152	34%
Trade receivables	61,254	48,686	118,534	52%	93,080	52%
Other receivables and current assets	10,950	9,054	25,497	43%	18,139	50%
Financial receivables and other current financial assets	14,228	16,626	29,165	49%	25,939	64%
Current financial liabilities	(79,256)	(101,540)	(104,869)	76%	(225,609)	45%
Trade payables	(108,190)	(55,281)	(220,576)	49%	(158,767)	35%
Other payables and current liabilities	(3,587)	(4,530)	(25,373)	14%	(25,042)	18%
Economic relationships						
Revenues	183,157	173,263	869,476	21%	803,964	22%
Other income	6,142	5,917	22,120	28%	23,085	26%
Costs for materials and external services	(426,911)	(369,961)	(714,964)	60%	(724,114)	51%
Personnel expenses	-	(15)	(60,351)	0%	(58,657)	0%
Other operating expenses	(8,383)	(10,726)	(20,467)	41%	(12,518)	86%
Capitalised costs for internal work	(14)	-	528	-3%	338	0%
Financial expenses	(871)	(1,249)	(10,283)	8%	(11,156)	11%
Financial income	52,148	56,924	59,005	88%	65,196	87%
Income taxes	10,726	8,009	(155)	-6941%	(242)	-3307%

Corporate Governance and internal audit system

General information

The Burgo Group S.p.A. Articles of Association adopts the "traditional model" of corporate governance, consisting of a Shareholders' Meeting, a Board of Directors and a Board of Statutory Auditors.
At the time of writing, the share capital of the Company was € 90,000,000.00, consisting of 2,168,857,500 shares with no nominal value, and subdivided as follows:

(1) BG Holding S.r.l. held 1,988,794,387 Burgo shares, representing a 91.70% stake;
(2) Mediobanca S.p.A. held 87,442,365 Burgo shares, representing a 4.03% stake;
(3) Italmobiliare S.p.A. held 46,153,846 Burgo shares, representing a 2.13% stake;
(4) Ocorian Fund Management S.à r.l. (Generali Financial Holding FCP-FIS SUB) held 46,153,846 Burgo shares, representing a 2.13% stake;
(5) Burgo Group S.p.A. held 1968 shares in trust. These shares are the result of shareholders failing to exercise the right of conversion into ordinary shares issued by Cartiere Burgo S.p.A. (now Burgo Group S.p.A.) attributed to them at the time of the residual takeover bid intended to exclude the company from the stock market managed by Borsa Italiana S.p.A. on 14/08/2000;
(6) the remaining 311,088 Burgo shares, representing 0.014%, were held by various shareholders.

Subsidiary companies under art. 2359 of the Italian Civil Code have indicated that Burgo Group S.p.A. is the subject which provides management and coordination pursuant to article 2497 bis of the Italian Civil Code. In fact, the Parent Company determines the management and strategic guidelines for the Group, defines the general policies for financial, production, HR, procurement and communication management, and sets the objectives and procedures relative to occupational health and safety, quality, environment and governance. The company Burgo Group S.p.A. also provides management services including by way of example, treasury, tax, company secretariat, legal assistance, internal audit services, personnel administration and procurements. The subsidiaries maintain operational independence and can concentrate their resources on their respective core businesses, making use of the parent company's resources for specialised activities, achieving the consequent economies of scale.

The governing bodies

(i) Shareholders' Meeting: pursuant to article 16, the Shareholders' Meeting, both extraordinary and ordinary, resolves on the matters reserved to it under the law. Article 18 establishes the quorums and decision-making procedures for Shareholders' Meetings involving issues defined as Significant. The Shareholders' Meeting is presided over by the Chairman of the Board of Directors and, in case of absence, inability, renunciation or impediment, by the Deputy Chairman. In case of their absence, inability, renunciation or impediment, another person designated by the Shareholders' Meeting itself shall preside.
Participation in the Shareholders' Meeting using audio/video connection tools is allowed on the condition that the collegial method is respected, as well as the principles of good faith and equal treatment of participants.

(ii) Board of Directors: the Company is administered by a Board of Directors consisting of 7 (seven) directors appointed on the basis of a list system, governed by article 22 of the Articles of Association in effect.
Those who find themselves in the conditions established under article 2382 of the Italian Civil Code cannot be appointed as Directors and, if they already hold such office, shall cease to hold it.
On 05 May 2023, the Shareholders' Meeting appointed the Board for the 2023-2025 period, that is until approval of the 2025 financial statements, as follows:

a) **A. Marchi** – *Chairman*
b) **F. Conte** – *Deputy Chairman*
c) **I. Capuano** – *CEO*
d) **V. Barbone**
e) **F. Capurro**
f) **M. D'Alberto**
g) **L. Marzotto**

The Board of Directors is granted the broadest ordinary and extraordinary administrative powers over the Company and can carry out all actions it deems necessary and/or expedient to implement and achieve company goals, with the sole exception of matters which under the law or the Articles of Association are expressly reserved for the Shareholders' Meeting.

Board of Directors meetings are presided over by the Chairman or, in their absence, by the Deputy Chairman or, in the case of their absence, inability, renunciation or impediment, by a person designated by the Board itself.
The Board of Directors is validly constituted if a majority of directors in office are present and resolutions are made with a vote in favour by an absolute majority of directors present.
Art. 25.5 identifies the so-called "Significant Board Matters" which are the sole responsibility of the Board of Directors and cannot be delegated to directors and/or special representatives and must be decided upon with the Chairman and Deputy Chairperson present and voting in favour.
Pursuant to article 25.6. there are also additional matters for which a qualified majority is required, again obtained with a vote in favour from the Chairman, the Deputy Chairman and the representative from the "C-list".
The Board of Directors currently in office met 8 times with an average meeting duration of 3 hours.
The Board of Statutory Auditors always took part in these meetings.

(iii) Board of Statutory Auditors: article 28 of the Articles in Association in effect govern the methods used to appoint the Board of Statutory Auditors and its structure.
On 05 May 2023, the Burgo Group Shareholders' Meeting appointed the Board of Statutory Auditors for 2023-2025, or until the approval of the 2025 Financial Statements, as follows:

a) **G. Terrin** – *Chairman*
b) **R. Spada** – *Regular Auditor*
c) **F. Gubitosi** – *Regular Auditor*
d) **F. Gallio** – *Alternate Auditor*
e) **L. Zoani** – *Alternate Auditor*

All auditors hold the professional and ethical requirements established under the law.
Finally, with the Resolution of 12 May 2022 the Company appointed EY S.p.A. to conduct the independent audit of its accounts for the 2022-2024 period. This appointment will expire with the approval of the 2024 Financial Statements.

Internal audit system

The Company's Board of Directors adopted, already in financial year 2003, in application of Italian Legislative Decree 231 of 08 June 2001, an "Organisation, Management and Control Model", which serves to identify and apply a collection of behavioural, organisational and control rules which constitute a control system reasonably able to identify and prevent conduct associated with corporate liability pursuant to Italian Legislative Decree 231/2001, as amended.
The Model consists of a General Section and 17 Special Sections accompanied by operational protocols/management procedures integrated with internal certification systems.
The responsibility of monitoring the effective functioning and observance of the Model, as well as proposing updates, is assigned to a collegial Oversight Committee, which reports to the Chairperson.
The Board of Statutory Auditors consists of three regular auditors and two alternate auditors. Their terms will expire on the date the financial statements at 31 December 2025 are approved.

Equity financial instruments

Following the Capital Increase Operation and refinancing carried out on 29/30 October 2020, the SFP regime was also changed.
More specifically, the Special Meeting of SFP Holders irrevocably renounced their right to convert the existing equity financial instruments, entirely or partially, into ordinary and/or privileged Company shares, and adopted a new Regulation which profoundly changed the regulations for the equity financial instruments, both in terms of equity and administrative rights. As part of this, the Financial Instruments lost the right to be converted into Company shares and all Governance rights.
These equity instruments were originally subscribed through the conversion of € 200 million of debt by certain financial institutions.
With the Resolution adopted on 07 May 2024, the Burgo Group S.p.A. Shareholders' Meeting approved the distribution of a total gross dividend of € 22,755,008.00, to be paid no later than 30 June 2024 and divided as follows in accordance with the provisions of the Articles of Association and related annexes:

1) € 4,551,002.00 as a gross dividend to be paid to shareholders with a dividend of € 0.002098341 per share;
2) € 18,204,006.00 as a Distribution pursuant to Article 6(b)(i) of the Burgo Group S.p.A. Equity Instrument Issue Rules, paid pro rata to holders of the Equity Financial Instruments, out of the Reserve for Equity Financial Instruments consisting of profit reserves.

   Therefore, at the time of writing, equity instruments totalled € 83,350,144, divided as follows:

Equity financial instruments	
Mediobanca S.p.A.	54,333,684
QuattroR SGR S.p.A.	22,544,931
Banco BPM S.p.A.	6,471,529
	83,350,144

Business crisis and insolvency code

Pursuant to Italian Legislative Decree 14/2019 (Business Crisis and Insolvency Code), amended by Legislative Decree 83/2022, the Company adopts an organisational, administrative and accounting structure appropriate to the nature of its business such to enable the early detection of business crises and the implementation of appropriate action to ensure business continuity.

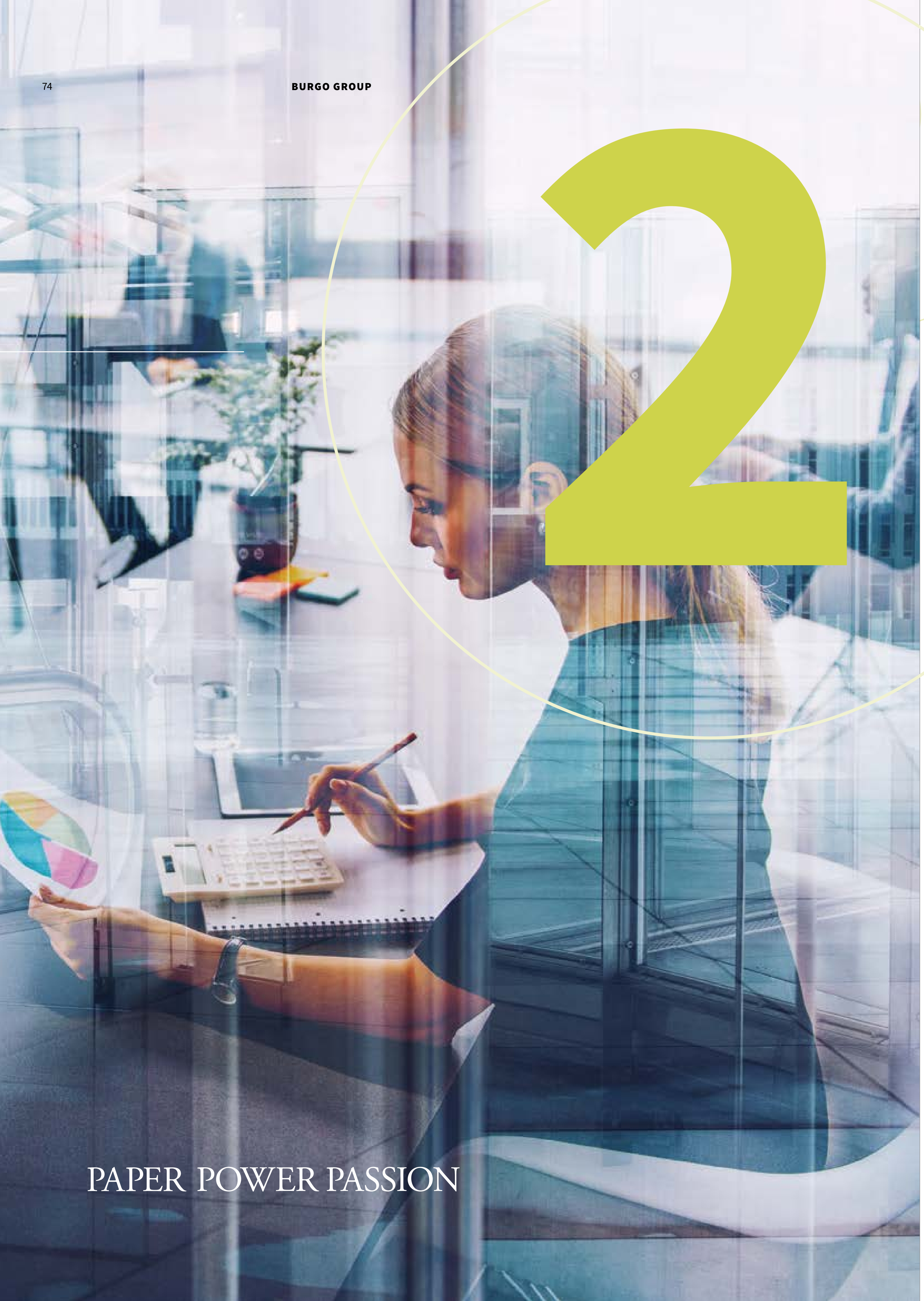
Privacy protection, Italian legislative decree 196 of 30 June and GDPR, no. 679 of 27 April 2016

The Company adjusted to the requirements established under the European regulations prior to the deadline.

With reference to financial year 2024, there were no significant incidents regarding files containing personal data used by the Company or process of the same, nor did any interested subjects indicate damages deriving from use of the same.

List of secondary offices

As required by the final paragraph of article 2428 of the Italian Civil Code, note that the Company has no secondary offices.



Consolidated financial statements for the Burgo Group

at 31.12.2024

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Consolidated statement of financial position

Consolidated statement of financial position: **Assets** €/000	Note	31 Dec 2023	31 Dec 2024	Change
Non-current assets		**460,542**	**451,089**	**(9,453)**
Property, plant and equipment		**385,073**	**377,232**	**(7,841)**
Property, plant and equipment	1	375,369	366,168	(9,201)
Property investments	1	410	391	(19)
Right of use assets	1	9,293	10,673	1,380
Intangible assets		**13,355**	**18,157**	**4,803**
Goodwill and other intangible assets with undefined life	2	6,224	6,224	-
Intangible assets with defined life	2	7,130	11,933	4,803
Other non-current assets		**26,091**	**26,740**	**649**
Equity investments	3	27	27	-
Equity investments in other companies	3	7,174	9,052	1,878
Financial receivables and other non-current financial assets	3	8,279	6,289	(1,990)
Other receivables and non-current assets	3	10,611	11,372	761
Deferred tax assets		**36,024**	**28,960**	**(7,064)**
Deferred tax assets	4	36,024	28,960	(7,064)
Current assets		**729,202**	**719,683**	**(9,519)**
Warehouse inventories	5	184,835	194,561	9,725
Trade receivables	6	184,449	173,006	(11,443)
Other receivables and current assets	7	29,171	28,364	(807)
Financial receivables and other current financial assets	8	58,342	54,900	(3,442)
Cash on hand and other cash equivalents	9	272,404	268,852	(3,552)
Total assets		**1,189,745**	**1,170,772**	**(18,972)**

Consolidated statement of financial position: **Liabilities** €/000	Note	31 Dec 2023	31 Dec 2024	Change
Shareholders' equity		**509,374**	**540,665**	**31,292**
Share capital	10	90,000	90,000	-
Reserves	10	196,770	176,246	(20,524)
Accumulated profits/(losses) including profit/(loss) for the period	10	218,700	270,422	51,722
Shareholders' equity attributable to non-controlling interests	10	3,904	3,998	94
Non-current liabilities		**262,409**	**127,919**	**(134,490)**
Non-current financial liabilities	11	175,649	53,053	(122,596)
Severance indemnities and other provisions related to personnel	12	16,214	14,474	(1,740)
Provisions for deferred tax liabilities	13	14,136	13,073	(1,063)
Provisions for risks and charges	14	55,934	46,740	(9,194)
Other payables and non-current liabilities	15	476	579	103
Current liabilities		**417,961**	**502,187**	**84,226**
Current financial liabilities	16	49,565	155,774	106,209
Trade payables	17	305,628	285,397	(20,230)
Payables for current taxes	18	7,481	8,613	1,132
Other payables and current liabilities	19	55,288	52,404	(2,884)
Total shareholders' equity and liabilities		**1,189,745**	**1,170,772**	**(18,972)**

Consolidated Income Statement

Consolidated Income statement for the year €/000	**Note**	**31 Dec 2023**	**31 Dec 2024**	**% change**
Revenues	21	1,470,813	1,466,094	-0.3%
Other income	22	58,639	67,067	
Total operating revenues and income		**1,529,452**	**1,533,161**	**0.2%**
Costs for materials and external services	23	(1,064,184)	(1,213,219)	
Personnel expenses	24	(175,705)	(173,786)	
Other operating expenses	25	(47,432)	(33,792)	
Change in inventories	26	(94,960)	9,725	
Capitalised costs for internal work	27	1,107	1,017	
Depreciation and amortization	28	(46,678)	(46,989)	
Capital gains/losses on disposal of non-current assets	29	899	(164)	
Write-backs/write-downs of non-current assets	30	(5,837)	(4,050)	
Total operating expenses		**(1,432,792)**	**(1,461,258)**	**2.0%**
Operating result		**96,661**	**71,903**	**-25.6%**
Financial expenses	31	(13,152)	(13,467)	
Financial income	32	7,644	11,678	
Result before taxes		**91,153**	**70,114**	**-23.1%**
Income taxes	33	(17,595)	(15,215)	
Profit/(loss) for the period		**73,558**	**54,899**	**-25.4%**
Attributable to:				
Profit (loss) for the period pertaining to non-controlling interests		*332*	*312*	
Profit (loss) for the period pertaining to the owners of the Parent		*73,225*	*54,586*	

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income €/000	**Note**	**31 Dec 2023**	**31 Dec 2024**
A - Profit (loss) for the period		**73,558**	**54,899**
Other components of the Statement of Comprehensive Income:		-	-
Other components of the Statement of Comprehensive Income to be subsequently reclassified in the annual Income statement:		**-**	**-**
Translation differences from foreign financial statements		(5)	113
		(5)	113
Net (loss) profit from cash flow hedge	34	(4,238)	(1,102)
Income taxes		885	105
		(3,354)	(997)
Net (loss) profit from financial assets FVOCI	34	-	-
B- Total other components of the Statement of Comprehensive Income to be subsequently reclassified in the annual Income statement net of taxes		**(3,359)**	**(885)**
Other components of the Statement of Comprehensive Income not to be subsequently reclassified in the annual Income statement:			
(Losses) gains from discounting of defined benefit plans	34	(113)	436
Income taxes		27	(107)
		(86)	329
C- Total Other components of the Statement of Comprehensive Income not to be subsequently reclassified in the annual Income statement net of taxes		**(86)**	**329**
D - Total other components of the Statement of Comprehensive Income net of taxes (B + C)		**(3,445)**	**(556)**
E - Total Comprehensive Income net of taxes (D + A)		**70,113**	**54,343**
Attributable to:			
minority shareholders (non-controlling interests)		*332*	*312*
the Group (owners of the parent)		*69,781*	*54,030*

For comments on the schedule, please see note 34 "Consolidated schedule of other components of the statement of comprehensive income".

Statement of Changes in Consolidated Shareholders' Equity

Changes in shareholders' equity €/000	Share capital	Legal reserve	Distributable reserve from share capital reduction	IAS reserve	Reserve for equity financial instruments	Non-distributable exchange gains reserve	Other reserves	Undistributed profits - Carried forward	Result for the year	Shareholders' equity, majority shareholder	Third party reserves	Profit (loss) for the year pertaining to minority shareholders	**Group shareholders' equity**
Balances at start of previous period	**90,000**	**16,797**	**138,797**	**6,158**	**165,992**	**-**	**(66,836)**	**7,805**	**157,372**	**516,085**	**3,509**	**381**	**519,975**
Destination of result - distribution of dividends	-	1,203	-	-	(64,438)	2,559	-	137,500	(157,372)	(80,547)	81	(381)	(80,847)
Net change profits (losses) directly recognised in shareholders' equity	-	-	-	(3,440)	-	-	-	-	-	(3,440)	-	-	(3,440)
Other changes in shareholders' equity	-	-	-	(18)	-	-	-	169	-	151	(19)	-	132
Exchange differences from translation of foreign financial statements	-	-	-	-	-	-	(5)	-	-	(5)	-	-	(5)
Profit/(loss) for the period	-	-	-	-	-	-	-	-	73,225	73,225	-	332	73,558
Balances at end of previous period	**90,000**	**18,000**	**138,797**	**2,700**	**101,554**	**2,559**	**(66,841)**	**145,475**	**73,225**	**505,470**	**3,571**	**332**	**509,374**
Destination of result - distribution of dividends	-	-	-	-	(18,204)	-	-	68,674	(73,225)	(22,755)	122	(332)	(22,965)
Net change profits (losses) directly recognised in shareholders' equity	-	-	-	(668)	-	-	-	-	-	(668)	-	-	(668)
Other changes in shareholders' equity	-	-	-	2	-	(1,766)	-	1,686	-	(78)	(8)	-	(86)
Exchange differences from translation of foreign financial statements	-	-	-	-	-	-	113	-	-	113	-	-	113
Profit/(loss) for the period	-	-	-	-	-	-	-	-	54,586	54,586	-	312	54,899
Balances at period end	**90,000**	**18,000**	**138,797**	**2,033**	**83,350**	**793**	**(66,728)**	**215,836**	**54,586**	**536,667**	**3,686**	**312**	**540,665**

For comments on the changes in shareholders' equity, please see note 10 "shareholders' equity".

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement €/000	**31 Dec 2023**	**31 Dec 2024**
A - Net initial monetary availability	**95,935**	**255,678**
B- Monetary flow from operating activities		
Net profit (loss) deriving from operating activities	73,558	54,899
Amortization, depreciation, write-downs and write-backs	52,515	51,039
Write-downs and write-backs of financial assets	-	350
Capital (gains) losses on disposal of non-current assets	(899)	164
Change in TFR and provisions for risks	(11,254)	(10,561)
Change in deferred tax assets and provision for deferred taxes	9,814	6,062
Profit (loss) for the period before changes in working capital	**123,734**	**101,953**
Change in inventories	94,756	(9,725)
Change in trade receivables	94,831	11,443
Change in trade payables	(104,747)	(20,230)
Change in other assets and liabilities	(18,664)	2,932
Change in net working capital	**66,176**	**(15,580)**
Assets held for sale and discontinued operations	**36,347**	**-**
Total B- Monetary flow from operating activities	**226,257**	**86,373**
C - Monetary flow from investing activities		
Investments in property, plant and equipment	(49,302)	(43,095)
Investments in intangible assets	(605)	(424)
Recognition of other non-current assets	(9,708)	(15,770)
Change in equity investments	(27)	(2,228)
Revenues from sales of fixed assets	19,013	11,151
Total C - Monetary flow from investing activities	**(40,629)**	**(50,367)**
D - Monetary flow from financing activities		
Change in non-current securities and financial receivables	(2,329)	1,990
Change in financial receivables and other current financial assets	88,653	(2,196)
Change in current and non-current other non-financial liabilities	1,309	1,844
New loans	486	4,733
Repayment of loans	(30,448)	(28,800)
Repayment right of use loans	(3,010)	(3,368)
Dividends distributed and/or resolved	(80,547)	(22,965)
Changes in Shareholders' Equity	-	-
Total D - Monetary flow from financing activities	**(25,885)**	**(48,762)**
E - Monetary flow for the period (B + C + D)	**159,743**	**(12,756)**
Net final monetary availability (A + E)	**255,678**	**242,922**
Additional information:		
Interest received during the period	5,776	10,966
Interest paid during the period	(22,088)	(11,180)
Taxes paid during the period	(18,760)	(12,133)
Dividends received during the period	-	-

For the structure of final net monetary availability, please see note 9 "Cash on hand and other cash equivalents", which provides a reconciliation statement regarding cash on hand and other cash equivalents.

Explanatory notes to the consolidated financial statements

General information

Group structure and scope of consolidation

Details of consolidated companies, broken down by the consolidation criteria used, with information about company name, registered office, equity and stake held, are provided below.

Company name	**Registered office**		**Shared capital**	**Stake held %**	**Stake held by**	**Consolidation method**
Mosaico S.p.A. *(paper manufacturing)*	Altavilla Vicentina (VI)	EUR	75,000,000	100.00	Burgo Group S.p.A.	Line-by-line
Burgo Energia S.r.l. *(energy production and sales)*	Altavilla Vicentina (VI)	EUR	5,015,000	100.00	Burgo Group S.p.A.	Line-by-line
Burgo Distribuzione S.r.l. *(sales and distribution)*	Altavilla Vicentina (VI)	EUR	9,060,000	100.00	Burgo Group S.p.A.	Line-by-line
Burgo Ardennes S.A. *(paper manufacturing)*	Virton (Belgium)	EUR	75,000,000	99.99 0.01	Burgo Group S.p.A. Mosaico S.p.A.	Line-by-line
Burgo Factor S.p.A. *(financial assets)*	Milan	EUR	3,000,000	90.00	Burgo Group S.p.A.	Line-by-line
S.E.F.E. S.à r.l. *(forestry resource management)*	Ecouviez (France)	EUR	72,250	99.80 0.20	Burgo Ardennes S.A. Burgo Group S.p.A.	Line-by-line
Burgo Iberica Papel S.A. *(sales and distribution)*	Barcelona (Spain)	EUR	268,000	100.00	Burgo Ardennes S.A.	Line-by-line
Burgo Benelux S.A. *(sales and distribution)*	Brussels (Belgium)	EUR	247,900	100.00	Burgo Group S.p.A.	Line-by-line
Burgo France S.à r.l. *(sales and distribution)*	Champeaux (France)	EUR	600,000	100.00	Burgo Group S.p.A.	Line-by-line
Burgo UK Ltd *(sales and distribution)*	Milton Keynes (UK)	GBP	250,000	100.00	Burgo Group S.p.A.	Line-by-line
Burgo Central Europe GmbH *(sales and distribution)*	Munich (Germany)	EUR	256,000	100.00	Burgo Group S.p.A.	Line-by-line
Burgo North America Inc *(sales and distribution)*	Stamford - Connecticut (USA)	USD	100,000	100.00	Burgo Group S.p.A.	Line-by-line
Burgo Eastern Europe Sp. z o.o. *(sales and distribution)*	Warsaw (Poland)	PLN	5,000	100.00	Burgo Group S.p.A.	Line-by-line
Burgo Recycling S.r.l. *(paper for recycling management)*	Altavilla Vicentina (VI)	EUR	100,000	51.00	Burgo Group S.p.A.	Line-by-line
Gever S.p.A. in Liquidation *(energy production and sales)*	Altavilla Vicentina (VI)	EUR	100,360	100.00	Burgo Group S.p.A.	Line-by-line
Consorzio Energy Paper s.c.a.r.l. *(interruptibility service)*	Altavilla Vicentina (VI)	EUR	58,776	28.03 17.21	Burgo Group S.p.A. Mosaico S.p.A.	Equity

Accounting standards and consolidation criteria

The consolidated financial statements for Burgo Group S.p.A. at 31 December 2024 were prepared by applying the international accounting standards issued by the International Accounting Standard Board (IASB) and approved by the European Union, including among these the international subjects subject to interpretation (International Accounting Standards – IAS/IFRS) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and the previous Standing Interpretations Committee (SIC).
The Group adopted the referenced accounting standards as of 01 January 2006, with reference to Italian Legislative Decree 38 of 28 February 2005, which implemented the option found within article 5 of Regulation EC 1606/2002.

Financial statement schedules

All that illustrated in the previous section is understood to be fully referenced here.
The Group's consolidated financial situations are shown in thousands of euros. The euro is also the functional currency used by the Group, given that it is the currency used in the economies in which the Group mainly operates.
The Group's fiscal year coincides with the calendar year (01 January - 31 December).
Preparation of the consolidated financial statements and accounting schedules required the following choices:

- **Consolidated Statement of Financial Position**: a form of representation was selected that distinguishes between current and non-current assets and liabilities, based on that allowed under paragraphs 60 and subsequent of IAS 1;
- **Consolidated Income Statement**: it was decided to classify items by nature, holding this the most representative with respect to presentation by destination. In fact, the form selected complies with internal management and reporting methods and offers reliable and significant information for understanding the annual income statement. In addition, as of 2020 the schedules included in the Notes have been updated, with the eliminated subtotals now included in the Report on Operations schedules;
- **Cash flow statement**: this is structured based on the indirect method.

The Group ended financial year 2024 with profits of € 54.9 million, shareholders' equity of € 540.7 million and net financial position with a liquidity of € 121.2 million.
The consolidated financial situations were prepared using the general cost principle, except for financial assets, measured in accordance with IFRS 9, and derivatives, measured at fair value.
Assets and liabilities and income and expenses are not offset, unless this is allowed or required under an international accounting standard or interpretation.

Consolidation standards

The consolidated financial statements include the financial statements of Burgo Group S.p.A., the parent company, and those of subsidiaries over which Burgo Group S.p.A. holds direct or indirect control.
In addition to the subsidiaries, the scope of consolidation also includes affiliated companies and companies under joint control.
Control exists when the parent company has the power to determine the financial and operating policies of a company, in order to obtain benefits from its business.
Subsidiaries are consolidated starting on the date on which control is effectively obtained by the Group and consolidation ceases on the date on which control is transferred outside of the Group.
These companies are consolidated on a line-by-line basis.
Associated companies, over which Burgo Group S.p.A. exercises significant influence, or companies for which it exercises joint control over financial and operating policies, are measured using the equity method.
In preparing the consolidated figures, the equity, economic and financial situations of subsidiaries as prepared at the reporting date were used, as well as additional information useful for the translation to the standards adopted in preparing the consolidated financial statements, in order to allow for application of homogeneous accounting standards.

The main operations carried out in preparing the consolidated financial statements are:

- elimination of the book value of equity investments held by the parent company and other companies within the scope of consolidation with the relative shareholders' equity, while taking on the assets and liabilities of companies consolidated with the line-by-line method. Positive differences emerging from the purchase cost of the equity investments with the relative shares of shareholders' equity are recognised as adjustments to the relevant assets item on the basis of the assessment carried out at the time of purchase. Any residual amount not allocated is recognised in an assets item called "goodwill", which is subject to an impairment test. Any negative residual amounts are recognised in the annual income statement, as envisaged under IFRS 3 (business combinations);
- elimination of reciprocal relationships between companies consolidated using the line-by-line method, specifically:
  - transactions that give rise to receivables and payables, as well as costs and revenues;
  - unrealised gains and losses, included in measurements of inventories;
- reversal of dividends received from consolidated companies;
- adjustment of the carrying value of companies consolidated using the equity method, in order to include the portion of the pertinent result.

Operations in foreign currencies

Revenues and costs relative to operations in foreign currencies are recorded at the exchange rate in effect at the time the operation was completed. Monetary assets and liabilities in foreign currencies are converted by applying the current exchange rate on the reporting date for the reference period, attributing any exchange differences generating to the annual income statement.

Financial statements of foreign companies

Translation into euro of items in the consolidated statement of financial position expressed in currencies other than the euro is done by applying the exchange rates at the end of the year. Items in the annual income statement are translated into euro using the average exchange rates for the year. Exchange differences originating from the translation into current end of year exchange rates of items in the initial shareholders' equity and the results of the year to average exchange rates are recognised in consolidated shareholders' equity. The table below shows the exchange rates applied when translating financial statements in currencies other than the euro for financial years ending on 31 December 2023 and 31 December 2024.

Accounting standards and consolidation criteria

Exchange rates	2023		2024	
	Balance sheet (exchange rate at end of year)	Income statement (average exchange rate)	Balance sheet (exchange rate at end of year)	Income statement (average exchange rate)
US dollar	1.105	1.081	1.039	1.082
Pound sterling	0.869	0.870	0.829	0.847
Polish zloty	4.340	4.542	4.275	4.306

Accounting standards and measurement criteria

The consolidated financial statements at 31 December 2024 were prepared in compliance with the IAS/IFRS accounting standards for preparing individual financial statements at 31 December 2023, considering the amendments and new standards which took effect as of 01 January 2024, listed below.

IFRS accounting standards, amendments and interpretations applied as of 01 january 2024

For the preparation of these Consolidated Financial Statements, the Group has adopted for the first time certain accounting standards and amendments effective for financial years beginning on or after 01 January 2024, a list of which is provided below, noting that these changes have not affected the financial position and income statement amounts shown:

- *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1;*
- *Lease Liability in a Sale and Leaseback – Amendments to IFRS 16;*
- *Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.*

There are no other new standards, amendments or interpretations that are effective as of the reference date of these Consolidated Financial Statements and which are likely to have a significant impact on the Group.
Below we examine in detail the criteria adopted for the following items:

Property, plant and equipment

A cost sustained to acquire a property, plant, machinery or part of the same is recognised as an asset on the condition that the cost of the asset can be reliably determined and the Group can make use of the relative future economic benefits.

Property, plant and equipment

Assets recognised among property, plant and equipment are recognised at the purchase cost, including any directly attributable accessory costs, necessary to render the asset functional to the use for which it was acquired, and net of any relative depreciation accumulated and impairment losses.
Subsequent expenses are then added to the cost, to the extent that they can improve the originally determined performance of the asset.
Assets recognised among property, plant and equipment through business combinations are measured at their fair value upon initial recognition, as determined at the time they were acquired. Subsequently, they are measured using the historic cost method.

Assets recognised among property, plant and equipment, apart from land, depreciate at constant rates throughout the course of the useful life of the asset, understood to be the estimated period during which the asset will be used by the company, starting from the moment the asset becomes available for use. The value to be depreciated is represented by the carrying value of the asset net of any impairment and reduced by the presumable realisable value at the end of the useful life, if this is significant and can be reasonably determined.
If the asset is composed of several significant components with different useful lives, depreciation is carried out for each component, following the component approach established in IAS 16.
Spare parts of significant value relative to plant and machinery are capitalised and depreciated on the basis of the useful life of the asset to which they refer, in accordance with the indications found in IAS 16.
The book value of property, plant and equipment is subject to verification to identify any losses in value when events or changes indicate that the book value may not be recoverable.
For newly acquired assets, the following useful lives are applied:

Useful life of newly acquired assets	Useful life
Industrial buildings	30 years
General plants	15 years
Specific plants	20 years
Miscellaneous equipment	4 years
Office machines and machinery	8 years
Vehicles	5 years
Electronic machines	5 years

Useful life and realisable values are reviewed every year, and any changes are made prospectively. When necessary, they are applied prospectively and may involve an extension or reduction in the original amortization/depreciation period.
Land, whether free of construction or containing civil or industrial buildings, is recognised separately and not depreciated, given that it is an element with unlimited useful life. When an asset is disposed of or when no future economic benefit is expected, it is eliminated from the financial statements and any losses or profits are recognised in the annual income statement during the financial year in which it was eliminated.
Expenses for leasehold improvements such as expenses to remodel real estate that is not owned are capitalised in consideration of the fact that for the duration of the leasing contract the user company has control over the assets and can take advantage of their future economic benefits. Said costs are amortized over a period equal to the lesser of that representing the residual useful life of the fixed asset and the residual duration of the leasing contract.
Pursuant to IAS 23, the Group capitalises financial expenses attributable to the purchase, construction or production of a capitalisable asset.

Property investments

The item includes land, buildings or parts of non-instrumental buildings, held in order to benefit from leasing fees, increases in value or both.
Property investments are measured at cost, net of any losses due to write-downs and depreciation accumulated.

Right of use assets

This item includes the accounting measurement of contracts to which IFRS 16 applies. This item recognises leasing contracts for assets over which the Group holds control (right of use) over an asset. As discriminating factors to identify these, the following were used: the asset can be identified, there is a right to replacement of the asset, the right to obtain substantially all economic benefits deriving from use of the asset and, finally, the right to direct the use of the asset underlying the contract. The Standard establishes a single model for recognising and measuring lease contracts for the lessee, which involves recognition of the asset underlying the lease in the assets, whether operational or not, and a matching entry in the form of a financial payable.

The Group has made use of the practical expedients and exemptions allowed in paragraphs:

i) 16.5(a) in relation to short term contracts, for all asset classes (exclusion of leases with a duration of less than 12 months at the time of first time adoption from the scope of application);
ii) 16.5(b) in relation to contracts with a value of less than € 5,000;
iii) 16.15 in relation to the possibility of not separating non-lease components;
iv) the Portfolio approach was not adopted.

In particular, relative to lease contracts the Group recognises:

a) a right of use equal to the value of the financial liability as of the date the contract takes effect;
b) a financial liability, equal to the current value of residual future payments as of the date the contract takes effect, discounted using an average rate for each contract.

Intangible assets

Intangible assets are non-monetary elements without physical substance, which can be identified and are controlled by the Group, intended to generate future economic benefits. Intangible assets can be recognised in the accounts when it is probable that use of the asset will generate future economic benefits and when the cost of the asset can be determined in a reliable manner.
Intangible assets acquired separately are initially recognised at cost, those acquired through business combinations are measured at fair value upon initial recognition.
Expenses sustained after initial acquisition are added to the cost of the asset to the degree in which these expenses are able to generate future economic benefits.
After initial recognition, intangible assets are measured net of provisions for amortization and any accumulated losses of value.

Goodwill and other intangible assets with undefined life

An intangible asset is considered to have undefined life when, on the basis of analysis of the relevant factors, there is no foreseeable limit on the period of use during which it is expected the asset will generate net incoming financial flows for the Group.
The Group has identified goodwill as an intangible asset with undefined useful life, which represents the positive difference between the cost of a business combination and the equity interest held by the Group in the current fair value of the assets, liabilities and potential liabilities acquired and identifiable on the purchase date.
Any negative difference (negative goodwill) is instead recognised in the annual income statement at the time of acquisition.
After initial recognition, goodwill is not amortized, but is decreased relative to any losses of value, determined in accordance with IAS 36 (impairment of assets).
Goodwill is annually subject to recoverability analysis. This may also occur more frequently if events or changes in circumstances occur which could lead to possible losses of value.
In the cases in which goodwill is assigned to a cash generating unit (or group of units) whose assets are partially dismissed, the goodwill associated with the transferred asset is considered in order to determine any capital gains or losses deriving from the transaction, and is measured on the basis of the values of the disposed of assets, with respect to the assets still held relative to the same CGU.

Intangible assets with defined life

These assets are recognised at the acquisition or production cost, including all attributable accessory charges, and depreciated at a constant rate in relation to their utility over time, starting at the moment the asset becomes available for use.
Useful life is reviewed every year and any changes are made prospectively, when necessary.
Plant and expansion costs, if recognised in the assets, as well as patent and usage rights for intellectual property are depreciated over a maximum period of five years.
Concession, license, trademark costs and those for similar rights are annually reduced as a function of the contractual duration and the limits of the presumable period of economic utilisation.

Environmental securities: emission stocks and White Certificates

Different evaluation criteria apply between stock/certificates held for own-use, i.e. for one's own requirements ("Industrial Portfolio") and those held with the intention of trading ("Trading Portfolio"). Stock/certificates held for own-use ("Industrial Portfolio") exceeding the requirement, calculated in relation to the obligations accrued at year-end ("*surplus*"), are recognised under other intangible assets at the cost incurred. Certificates that are freely assigned are recorded with a zero value. Given that this refers to an asset that is immediately usable, it is subject to an impairment test and not amortization. The recoverable value is the higher figure between the value in use and market value. If on the other hand, the requirement exceeds stock/certificates in the portfolio at the reporting date ("deficit"), an allocation is made in the financial statements of the expenses needed to address the residual obligation, estimated on the basis of purchase contracts, including spot contracts, already signed at the reporting date, and market prices for the residual portion. Stock/certificates held with the intention of trading ("Trading portfolio") are recognised under inventories and valued at the lesser amount between the purchase cost and presumable realisable value, to be deduced from market performance. Certificates that are freely assigned are recorded with a zero value. The market value is defined with reference to any sales contracts, including spot contracts, already signed at the reporting date, and to market prices, for the residual portion.

Impairment test

The value of intangible assets and property, plant and equipment is subject to recoverability checks every time it is held that a lasting loss of value has occurred.
Relative to goodwill, other intangible assets with undefined useful life and other assets not available for use, impairment tests are performed at least once a year.
The test is done by comparing the book value with the greater of the fair value and the value in use of the asset.
If no binding sales agreement or an active market for the asset is available, the fair value is determined on the basis of the best available information, in order to reflect the amount that the Group could obtain, at the reporting date of the financial statements, if disposing of the asset in a free transaction between knowledgeable and willing parties, after deducting disposal costs.

The value in use of an asset is calculated by discounting expected cash flows from usage of the asset (both incoming and outgoing), basing financial flow projections on reasonable and sustainable suppositions, able to represent the best possible estimates by corporate management of a series of economic conditions that will exist throughout the remaining life of the asset, giving greater significance to information obtained externally. The discount rate applied reflects current market evaluations of the time value of money and the specific risks of the asset.
Measurement is done for each individual or for the smallest combination of assets (cash generating units) that generate independent incoming cash flows deriving from their utilisation.
When the value determined with the impairment test is lower than the cost, the loss of value is recognised against the asset and among the costs in the annual income statement. If in subsequent financial years the reasons behind recognising the impairment are determined to no longer exist following a new impairment test, the asset, with the exception of goodwill, is written back up to the new recoverable value, which in any case cannot exceed the value that would have existed if no loss in value had been recognised. The writeback is recognised in the annual income statement, unless the asset is recognised at the written back value, in which case the writeback is recognised in the revaluation reserve.

Equity investments measured at equity

This item includes equity investments in affiliated companies and equity investments in jointly controlled companies.
These equity investments are measured using the equity method. Any losses exceeding shareholders' equity are recognised in the financial statements to the degree in which the investor has undertaken to fulfil legal or implicit obligations relative to the investee or, in any case, to cover its losses.

Associated companies are those over which the Group exercises significant influence but does not have control or joint control over financial and operating policies. The consolidated financial statements include the portion pertaining to the Group of the results of its associated companies, accounted for using the equity method, starting on the date on which it begins to hold significant influence and until the moment in which this influence ceases to exist. Unrealised infra-group profits relative to minority shareholders are eliminated relative to the portion pertaining to the Group held in the investee. Unrealised infra group losses relative to minority shareholders are also eliminated if they do not represent an effective lower value for the asset disposed of.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset for an entity and a financial liability or an instrument representing capital for another entity.

Financial assets

Initial recognition and measurement

At the time of initial recognition, financial assets are classified, based on the case, on the basis of subsequent measurement methods, that is at amortized cost, at fair value through other comprehensive income or at fair value through profit and loss.
Classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows associated with the financial assets and the business model used by the Group to manage them. Except for trade receivables which do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus transaction costs, in the case of a financial recognised in the income statement not at fair value. Trade receivables which do not contain significant financing component or for which the Group has applied the practical expedient are measured at the transaction price, determined according to IFRS 15.

For a financial asset to be classified and measured at amortized cost or at fair value through other comprehensive income, it must generate cash flows associated solely with payments of principal and interest (SPPI). Assessment of this aspect is known as the SPPI test and is performed at the individual instrument level.

The Group's business model for managing financial assets refers to the manner in which it manages its financial assets in order to generate cash flows. The business model determines whether the cash flows derive from collecting contractual cash flows, sales of financial assets or from both.
The purchase or sale of a financial asset which requires delivery either through a standardised sale or through regular way trade is recognised on the negotiation date, that is the date on which the Group undertook to purchase or sell the asset.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified into four categories:

- financial assets at amortized cost (debt instruments);
- financial assets at fair value through other comprehensive income with reclassification of cumulated profits and losses (debt instruments);
- financial assets at fair value through other comprehensive income without reversal of cumulated profits and losses at the time of elimination (equity instruments);
- financial assets at fair value through profit and loss.

Classification depends on the purpose for which the assets are acquired and held. The Group determines classification of assets at initial recognition, verifying the category at each subsequent reporting date.

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following requirements are met:

- the financial asset is held under a business model with the objective of holding financial assets to collect contractual cash flows;
- the contractual terms of the financial asset establish cash flows at set dates representing solely payments of principal and interest.

Financial assets at amortized cost are subsequently measured using the criteria of effective interest and are subject to impairment testing. Profits and losses are recognised in the income statement when the asset is eliminated, amended or remeasured.

Financial assets at fair value through other comprehensive income (debt instruments)

The Group measures debt instruments at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held under a business model which has the dual objectives of collecting contractual cash flows and sale of the financial assets;
- the contractual terms of the financial asset establish cash flows, at set dates, representing solely payments of principal and interest.

For assets involving debt instruments measured at fair value through other comprehensive income, interest receivable, variations due to exchange differences and impairment, together with write-backs, are recognised in the income statement and calculated in the same way as financial assets measured at amortized cost. Remaining changes in fair value are recognised in other comprehensive income. At the time of elimination, the cumulative change in fair value recognised in OCI is reclassified to the income statement.

Investments in equity instruments

At initial recognition, the Group may irrevocably decide to classify its stock investments as equity instruments recognised at fair value through other comprehensive income when the satisfy the definition of equity instruments pursuant to IAS 32 "Financial instruments: Presentation" and are not held for trading. Classification is done for each individual instrument.
Profits and losses resulting from these financial assets are never reversed to the income statement. Dividends are recognised as other revenues in the income statement when the right to payment has been resolved, except when the Group benefits from these amounts as recovery of part of the cost of the financial asset, in which case, the profits are recognised under OCI. Equity instruments recognised at fair value through other comprehensive income are not subject to impairment testing.

Financial assets at fair value through profit and loss

This category includes assets held for trading, assets designated at initial recognition as financial assets at fair value with changes recognised in the income statement and financial assets necessarily measured at fair value. Assets held for trading are all assets acquired to be sold or repurchased over the short term. Derivatives, including separated ones, are classified as financial instruments held for trading, unless they are designated as effective hedging instruments. Financial assets with cash flows which do not pass the SPPI test are classified and measured at fair value through profit and loss, regardless of the business mode. Despite the criteria for debt instruments for classification at amortized cost or at fair value through other comprehensive income, as described above, debt instruments can be recognised at fair value through profit and loss at initial recognition if this involves the elimination or significant reduction of an accounting misalignment.

Derecognition
A financial asset (or, when applicable, part of a financial asset or part of a group of similar financial assets) is derecognised in the first place (e.g. removed from the Group's statement of financial position) when:

- the rights to receive financial flows from the asset no longer exist, or
- the Group has transferred the right to receive cash flows from the asset to a third party or has taken on the contractual obligation to pay them fully and promptly and (a) has substantially transferred all risks and benefits of ownership of the financial asset or (b) has not substantially transferred nor retained all the risks and benefits of the asset but has transferred control over the same.

In cases where the Group has transferred the rights to receive cash flows from an asset or has signed an agreement based on which it maintains contractual rights to receive cash flows from the financial asset, but has a contractual obligation to pay the cash flows to one or more beneficiaries (pass-through), it determines if and to what extent it has retained the risks and benefits inherent to ownership. If it has neither substantially transferred nor retained all the risks and benefits or has not lost control over the same, the asset continues to be recognised in the Group's financial statements to the extent of its residual involvement with the asset in question. In this case, the Group also recognises an associated liability. The asset transferred and the associated liability are measured to reflect the rights and obligations that continue to apply to the Group. When the entity's residual involvement is a guarantee for the transferred asset, involvement is measured on the basis of the lesser of the amount of the asset and the maximum amount of the fee received which the entity may have to repay.

Impairment of financial assets

The Group recognises impairment due to Expected Credit Loss (ECL) for all financial assets represented by debt instruments not held at fair value through profit and loss. ECLs are based on the difference between contractual cash flows due in compliance with the contract and all the cash flows the Group expects to receive, discounted by an approximation of the original effective interest rate. Expected cash flows include cash flows deriving from enforcement of collateral held or other credit guarantees which are an integral part of the contractual conditions.

Expected losses are recognised in two phases. Relative to credit exposures for which no significant increase in credit risk has been seen following initial recognition, it is necessary to recognise credit losses deriving from an estimate of default events likely to occur within the subsequent 12 months (12 month ECL). For credit exposures that have seen a significant increase in credit risk after initial recognition, expected losses relative to the full residual duration of the exposure must be recognised, regardless of when the default event is expected to occur (lifetime ECL).
For trade receivables and assets deriving from contracts, the Group applies a simplified approach to calculate expected losses. Therefore, the Group does not monitor changes in credit risk but recognises the expected loss in full at each reference date. The Group has established a matrix system based on historic information, revised to consider forward looking elements with reference to specific types of debtors and the economic environment, used as tool to determine expected losses.
For assets represented by debt instruments measured at fair value through other comprehensive income, the Group applies the simplified approach allowed for low credit risk assets. At each reporting date, the Group evaluates whether a debt instrument has low credit risk, using available information.

Financial liabilities

Initial recognition and measurement

At initial recognition, financial liabilities are classified among financial liabilities measured at fair value through profit and loss, among mortgages and loans or among derivatives designated as hedging instruments.
All financial liabilities are initially recognised at fair value, to which is added in the cases of mortgages, loans and payables, the transaction costs directly attributable to the same.
The Group's financial liabilities include trade payables and other payables, mortgages and loans, including current account overdrafts, guarantees granted and derivatives.

Subsequent measurement
Measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss with changes recognised in the income statement include liabilities held for trading and financial liabilities initially recognised at fair value with changes recognised in the income statement.
Liabilities held for trading are all those kept to be sold over the short term. This category also includes derivative financial instruments subscribed by the Group which are not designated as hedging instruments in a hedging relationship as defined under IFRS 9. Profit or loss associated with liabilities held for trading is recognised in the annual income statement.
Financial liabilities are designated at fair value with changes recognised in the income statement as of the initial recognition date only if the criteria in IFRS 9 are satisfied. At initial recognition, the Group has not designated financial liabilities at fair value with changes recognised in the income statement.

Loans and receivables

After initial recognition, loans are measured using the amortized cost criteria, using the effective interest rate method. Profits and losses are recognised in the income statement when the liability is extinguished, as well as through the amortization process. The amortized cost is calculated by recognising the discount or premium on acquisition and fees or costs which are an integral part of the effective interest rate. Amortization at the effective interest rate is recognised among financial expenses in the income statement.

Financial guarantee liabilities

Financial guarantee liabilities issued by the Group are contracts which require payment to reimburse the holder of a debt security against a loss suffered by them following the debtor not making payments at contractually established due dates. Financial guarantee contracts are initially recognised as liabilities at fair value, plus any transaction costs directly attributable to issuing of the guarantee. Subsequently, the liability is measured as the greater of the best estimate of the payment required to fulfil the guaranteed obligation as of the reporting date and the amount initially recognised, net of cumulative amortization.

Derecognition

A financial liability is derecognised when the obligation underlying the liability is repaid, cancelled or fulfilled. When an existing financial liability is replaced by another of by the same lender, under substantially different conditions, or the conditions for an existing liability are substantially changed, this exchange or change is recognised as the accounting derecognition of the original liability, followed by recognition of a new liability, with any differences between the book values recognised in the annual income statement.

Offsetting of financial instruments

An asset and a financial liability can be offset and the net balance recognised in the statement of financial position if there is a current legal right to offset the amounts recognised for accounting purpose and there is an intention to extinguish the residual net amount or to realise the asset and simultaneously extinguish the liability.

Derivatives

As of 01 January 2019, the Group no longer makes use of the possibility to continue to make use of the provisions established in IAS 39 solely relative to hedge accounting, instead following the provisions contained in IFRS 9.
Derivatives are used with the sole purpose of hedging to reduce financial risks. They are measured at fair value starting on the date they are stipulated. When a hedging transaction begins, the Group formally designates and documents the hedging relationship for which hedge accounting will be used, indicating its risk management objectives and the strategy pursued. This document involves identifying the hedging instrument, the element of the transaction being hedged, the nature of the risk and methods the Group intends to use to measure the efficacy of the hedge in compensating for variations in the fair value of the hedged element or financial flows associated with the hedged risk. Efficacy must be measured in a reliable manner. It is expected that these hedges are highly effective in compensating for the exposure of the hedged element to changes in the fair value of financial flows associated with the risk covered. Assessment of whether the hedges are effective is done continuously during the accounting periods in which they are designated as such.

Transactions which meet the criteria for hedge accounting are recognised as follows:

Fair value hedge

If a derivative is designated to hedge against exposure to variations in the fair value of an asset or liability attributable to a particular risk, profit or loss deriving from subsequent changes in the fair value of the hedging instrument is recognised in the annual income statement.
Profit or loss deriving from an adjustment in the fair value of the hedged item, relative to the portion attributable to the risk hedged against, changes the book value of this item and is recognised in the annual income statement.

Cash flow hedge

If a derivative is designated as an instrument hedging against exposure to changes in the financial flows of an asset or liability recognised in the financial statements or a transaction deemed highly probable, the effective portion of the profits or losses deriving from the fair value adjustment of the derivative is recognised in a specific shareholders' equity reserve and reclassified in the annual income statement when the effects of the transaction being hedged are recognised in the annual income statement.
The profit or loss associated with this ineffective portion of the hedging is instead immediately recognised in the annual income statement. If a hedging instrument is closed by the transaction being hedged has not yet been realised, cumulative profits and losses remain in the shareholders' equity reserve and are reclassified in the annual income statement at the time the relative transaction is realised.
If the transaction being hedged is no longer deemed probable, profits or losses not yet realised and recognised in the shareholders' equity reserve are immediately recognised in the annual income statement.
If hedge accounting can no longer be applied, profits or losses deriving from the fair value measurement of the derivative are directly recognised in the annual income statement.

Inventories

Inventories of raw materials, products in progress and finished products are measured at the lesser of the cost, determined using the average weighted cost method, and the net realisable value presumable from market trends.
For raw materials, market value means replacement cost. For finished and semi-finished products, it means the amount the Group expects to obtain from sales in normal business operations, net of estimated costs to complete the good and sales and distribution costs it will sustain.
Measurement of warehouse inventories include direct costs for materials and labour and indirect costs (variable and fixed).
Provisions for impairment of materials, finished products, spare parts and other obsolete or slow rotation stocks are calculated, considering future expected use and realisable value.
Products in progress relative to work orders are measured using the percentage of completion, recognising costs and revenues relative to said progress to the annual income statement.
Any losses from these contracts are recognised in the annual income statement in the full amount, at the time they become known.

Cash on hand and other cash equivalents

This item indicates cash and other cash equivalents and short-term highly tradable financial investments that can be readily turned into cash and are subject to irrelevant risks in terms of variations in their value. These financial items are recognised at their nominal value.
For the purposes of the Consolidated Statement of Cash Flows, cash and other cash equivalents are shown net of bank overdrafts as of the reporting date.

Assets and liabilities held for sale

Non-current assets and groups of assets and liabilities for which the book value will mainly be recovered through sale, rather than through continuous use, are presented separately under other assets and liabilities in the consolidated statement of financial position.
These assets, classified within a specific item in the consolidated statement of financial position, are measured at the lower of the book value and the fair value minus foreseeable sales costs. Gains and losses, net of the relative tax effects, from non-current assets disposed of or held for sale are recognised in a specific item within the annual income statement.

Trade payables and miscellaneous payables

This item includes payables due to suppliers and other liabilities, apart from financial liabilities which are recognised separately. These liabilities are initially recognised at the fair value of the fee to be paid.
Subsequently, payables are measured using the amortized cost criteria, determined with the effective interest method.

Employee benefits

Benefits due after the termination of the employment relationship are divided into defined contribution plans and defined benefit plans.
For defined contribution plans, the legal or implicit obligation of the company is limited to the amount of contributions to be paid consequently, actuarial risk and investment risk fall to the employee.
For defined benefit plans, the company's obligation consists in granted and ensuring the agreed upon benefits for the employees: actuarial risk and investment risk fall to the company.

Until 31 December 2006, the severance indemnity was classifiable among defined benefit plans.
The regulations for this provision were amended by Italian Law 296 of 27 December 2006 ("2007 Financial Law"), and by subsequent Decrees and Regulations issued during the initial months of 2007. In the light of these changes, and particularly those with reference to companies with at least 50 employees, this practice is not to be considered a defined benefit plan solely for the portions accrued prior to 01 January 2007 (and not yet liquidated as of the reporting date). Portions accruing after this date can be classified as a defined contribution plan.

The Group's obligation to finance defined benefit plans and the annual cost recognised in the annual income statement are determined by applying actuarial methodology, based on demographic hypotheses, in relation to mortality rates and turnover in the reference population and on financial hypotheses, in relation to the discount rate which reflects the value of money over time, the inflation rates, and future salary and wage levels.
The amount recognised as a liability for defined benefits indicates the current value of the obligation as of the reporting date, net of the current value of any existing program assets.

The amount recognised in the annual income statement consists of the following elements:

- social security costs relative to current work performed;
- interest expenses;
- expected returns from program assets, if existing.

The revision of IAS 19 referenced above required the Group, as of the financial year which began on 01 January 2013, to directly recognise actuarial profits and losses relative to defined benefit plans deriving from changes in the actuarial hypotheses used or changes in plan conditions in shareholders' equity and the Consolidated Statement of Comprehensive Income.
The amount of rights accrued by employees during the year is recognised under the item personnel expenses, while the financial component, which represents the charge that the company would face if it were to finance the amount of the severance indemnity (TFR) on the market, is recognised under financial income/expenses.

Provisions for risks and charges

The Group allocates provisions for risks and charges when:

- there is a current obligation (legal or implied) relative to third parties and deriving from a past event;
- it is probable that the Group will need to use resources to comply with the obligation;
- a reliable estimate of the amount of the obligation can be made.

Provisions are recognised at the value which represents the best estimate that the Group would reasonably pay to fulfil the obligation (fair value) or to transfer it to third parties, on the reporting date.
Changes in estimates are shown in the annual income statement for the period in which the change occurred.
When financial effects associated with the time forecast of the payment is significant and the payment date for the obligations can be reliably estimated, the provision is discounted using a discount rate that reflects current assessments of the cost of money in relation to time. In this case, the amount recognised in the financial statements increases each year to reflect the passage of time and this increase is recognised in the annual income statement under the item "financial expenses".

Significant potential liabilities represented by the following are illustrated in the Notes:

- possible (but not probable) obligations, deriving from past events, the existence of which will only be confirmed if one or more future events occur, which are not fully under the control of the company;
- current obligations deriving from past events, for which the amount cannot be reliably estimated, or for which compliance may not involve any expenses.

Items in other currencies or subject to "exchange risk"

These are registered at the current exchange rate in effect on the date of the transaction. Monetary assets and liabilities in foreign currencies are converted using the exchange rate on the reporting date. Non-monetary items are kept at the conversion rate for the transaction, unless there is a persistent unfavourable trend in the exchange rate.
Both exchange differences generated from the repayment of items with different exchange rates relative to the conversion rate used at initial recognition, and those relative to the measurement of monetary items at the reporting date are recognised in the annual income statement.

Recognition of revenues and costs

Revenues are measured based on the payment the Group believes it is entitled to receive for the sale of its products or services.
Revenues from sales of products are recognised, net of discounts, including discounts for advance payments, rebates or returns, when control over the assets or services is transferred to the customer. Transfer of control occurs when the following conditions are met:

- the Group does not have the possibility to make use of the goods or services, as this has been transferred to the customer;
- the significant risks and benefits associated with ownership of the goods has been transferred to the purchaser of the goods (generally upon shipment or delivery of the goods);
- the value of the revenues is reliably determined;
- the economic benefits deriving from the sale will be used by the Group;
- the costs sustained or to be sustained are reliably determined.

Revenues from services are recognised once the services are complete.
Revenues of a financial nature are recognised on an accrual basis.
Dividends are recognised when they are received, under the item "Income from equity investments".
Costs are recognised using criteria analogous to those used for the recognition of revenues, and in any case on an accrual basis.

Current, prepaid and deferred taxes

Income taxes are determined on the basis of estimated taxable income, with reference to the current tax regulations, in the countries in which the Group companies reside. Forecast debt, net of any advances and withholdings, is recognised under the statement of financial position liabilities in the item "current tax payables".
Taxes relative to components recognised directly under shareholders' equity are recognised directly to shareholders' equity and not in the annual income statement.
Deferred tax assets and liabilities are calculated for all temporary differences between the book value attributed to assets and liabilities in the financial statements and the value attributed to the same assets and liabilities for tax purposes, unless the temporary differences derive from:

- initial recognition of goodwill;
- initial recognition of an asset or liability, in a transaction which:
  - is not a business combination and
  - does not influence accounting results nor taxable income on the date of the transaction in question;
- equity investments in subsidiaries, affiliated companies and companies under joint control, when:
  - the Group can control the schedule for cancelling temporary taxable differences;
  - it is probable that the temporary differences will not be cancelled for the foreseeable future.

Deferred tax assets are not recognised when it is not reasonably certain they will be recovered, in compliance with the principle of prudence.
Additionally, their value is reviewed at the end of each period and is reduced to the extent that it is no longer probable sufficient taxable profits will be available in the future to allow full or partial use of these assets.
Deferred tax assets and liabilities are defined on the basis of the tax rates which are expected to be applied in the year in which the assets will be realised or the liabilities will be repaid, considering rates in effect or those substantially issued as of the reporting date.
Deferred tax assets and liabilities are classified among non-current assets and liabilities.

Estimates and assumptions

Application of certain accounting standards necessarily requires significant elements based on estimates and assumptions that are uncertain when formulated. For the 2024 financial statements, it is held that the assumptions made were appropriate and consequently, that the financial statements were prepared with the intent of clarity and to truly and accurately represent the equity and financial situation and the economic results for the year. Within the explanatory notes, information is provided in the relevant sections about the reasons underlying decisions made, measurements taken and estimate criteria adopted in applying the international accounting standards.
To formulate reliable estimates and hypotheses, historic experience was used, as well as other factors deemed reasonable for the case in question, on the basis of the information available. Nonetheless, it cannot be excluded that changes in said estimates and assumptions could create significant effects on the equity and economic situation, as well as on the potential liabilities and assets reported within the financial statement disclosures, in the case that different elements of judgement arise with respect to those previously expressed. More specifically, greater use of subjective assessments on the part of company management was necessary in the following cases:

- determining impairment of goodwill, property, plant and equipment and equity investments;
- determining the fair value of financial assets and liabilities when the amounts could not be directly observed on active markets. In this case, the subjective elements are found in the selection of measurement models and input parameters that may not be observable on the market;
- quantifying provisions for risks and charges and provisions for employee benefits, due to the uncertainty of that required, survival times and actuarial hypotheses used;
- estimating the recoverability of prepaid tax assets.

The presentation of these cases is provided with the intention of allowing those reading the financial statements to better understand the main areas of uncertainty but is not in any case to suggest that alternative assumptions could be appropriate or more valid.
Estimates and assumptions are periodically reviewed, and the effects of each change are shown in the annual income statement for the period in which the change occurred.

Consolidated statement of financial position

Non-current assets

1 | Property, plant and equipment

The assets indicated in the following breakdown are included in this item:

Property, plant and equipment €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Property, plant and equipment	375,369	366,168	(9,201)
Property investments	410	391	(19)
Right of use assets	9,293	10,673	1,380
	385,073	**377,232**	**(7,841)**

Property, plant and equipment

The table below shows changes occurring during the year.

Flows from property, plant and equipment €/000	Land and buildings	Plant and machinery	Industrial and sales equipment	Other assets	Fixed assets in progress	**Total**
Historic cost at start of period	**382,532**	**2,044,510**	**16,742**	**43,011**	**28,900**	**2,515,696**
Increases during period	678	16,033	197	1,033	20,642	38,583
Disposals during period	-	(9,080)	-	(575)	-	(9,655)
Revaluations, impairment during period	-	(4,029)	(6)	(15)	-	(4,050)
Other changes	1,247	25,535	33	720	(27,601)	(67)
Historic cost at period end	**384,456**	**2,072,969**	**16,966**	**44,175**	**21,941**	**2,540,507**
Provision for amortization/ depreciation at start of period	**272,357**	**1,811,487**	**16,260**	**40,223**	**-**	**2,140,327**
Amortization/depreciation during period	4,156	37,727	260	1,129	-	43,272
Uses during period	-	(8,660)	-	(551)	-	(9,211)
Other changes in the provision	0	0	-	(49)	-	(49)
Provision for amortization/ depreciation at period end	**276,513**	**1,840,555**	**16,520**	**40,752**	**-**	**2,174,339**
Net book value at period end	**107,943**	**232,414**	**446**	**3,423**	**21,941**	**366,168**

Capitalisation carried out during the year amounted to € 38,583 thousand (€ 49,302 thousand in 2023) and also included other increases for € 1,017 thousand relative to internal work, capitalisation of financial expenses equal to € 166 thousand (€ 219 thousand in 2023), calculated with reference to a rate of 1,68% implementing IAS 23 and advances on maintenance work for € 2,066 thousand (€ 2,350 thousand in 2023).

The companies in which the major investments have been made are Burgo Group S.p.A., Burgo Ardennes S.A., and Mosaico S.p.A., with interventions particularly made at the sites of Virton (€ 10,630 thousand), Sora (€ 6,482 thousand), Sarego (€ 4,322 thousand), Villorba (€ 4,285 thousand), and Tolmezzo (€ 4,665 thousand). Please see the Report on Operations for comments and details on investments in 2024.

The main negative changes concern the company Burgo Group S.p.A. and relate to decreases due to the decommissioning of plants and equipment for a historic cost of € 4,277 thousand (of which the residual net value was zero) relative to asset sales to Mondi as part of the disposal of the Duino site.

During the year write-downs of € 4,050 thousand were made, mainly in relation to plants and equipment at the Lugo plant subsequent to impairment testing. For more information on the parameters used for the impairment test, please refer to the following note on Intangible Assets.

Property investments

Flow of property investments €/000	**Civil land**	**Civil buildings**	**Total**
Historic cost at start of period	**80**	**680**	**760**
Increases during period	-	-	-
Disposals during period	-	-	-
Revaluations, impairment during period	-	-	-
Transfer	-	-	-
Other changes	-	-	-
Historic cost at period end	**80**	**680**	**760**
Provision for amortization/depreciation at start of period	**-**	**350**	**350**
Amortization/depreciation during period	-	19	19
Uses during period	-	-	-
Transfer	-	-	-
Other changes in the provision	-	-	-
Provision for amortization/depreciation at period end	**-**	**369**	**369**
Net book value at period end	**80**	**311**	**391**

During the year, changes in civil properties consisted of amortization totalling € 19 thousand.

Right of use assets

Right of use assets flow €/000	Commercial leases	Residential leases	Industrial leases	Vehicle leases	IT	Fixed assets in progress	**Total**
Historic cost at start of period	**4,229**	**1,265**	**9,333**	**1,410**	**1,734**	**258**	**18,228**
Increases during period	385	324	3,284	676	101	-	4,771
Disposals during period	436	(46)	(2,148)	(472)	(185)	-	(2,416)
Other changes	-	-	-	-	-	(258)	(258)
Historic cost at period end	**5,050**	**1,543**	**10,469**	**1,614**	**1,649**	**-**	**20,325**
Provision for amortization/ depreciation at start of period	**(1,993)**	**(780)**	**(3,903)**	**(887)**	**(1,373)**	**-**	**(8,935)**
Amortization/depreciation during period	(684)	(240)	(1,325)	(275)	(319)	-	(2,843)
Uses during period	(439)	46	2,014	338	166	-	2,126
Other changes	-	-	-	-	-	-	-
Provision for amortization/ depreciation at period end	**(3,117)**	**(974)**	**(3,213)**	**(823)**	**(1,525)**	**-**	**(9,652)**
Net book value at period end	**1,934**	**569**	**7,256**	**790**	**124**	**-**	**10,673**

In 2024 increases were recorded following the signing of new asset lease contracts for € 4,771 thousand, mainly relative to the steam turbine at the Villorba plant and forklift machinery at various plants; amortization during the period totalled € 2,843 thousand, while disposals in the year net of provisions totalled € 290 thousand.

2 | Intangible assets

The balance is as follows:

Intangible assets €/000	31 Dec 2023	31 Dec 2024	Change
Goodwill and other assets with undefined life			
Goodwill	**6,224**	**6,224**	**-**
	6,224	**6,224**	**-**
Intangible assets with defined life			
Concessions, licenses, trademarks and similar rights	1,605	1,318	(287)
Other intangible assets	5,074	10,290	5,216
Fixed assets in progress and advances	452	326	(126)
	7,130	**11,933**	**4,803**
	13,355	**18,157**	**4,803**

The item goodwill includes that recognised through the incorporation of the Valchiampo plant (€ 5,819 thousand) and for the acquisition of 100% of Cavallari S.r.l., subsequently renamed Burgo Distribuzione S.r.l. (€ 414 thousand).
Recoverability of goodwill is verified annually or more frequently if deemed necessary, by determining the value in use.
Goodwill is allocated to the respective cash generating units (CGU). CGUs refer to individual production sites. To determine the value in use, the current value of future financial flows was calculated estimated by applying discounting rates that reflect current market values of the temporal value of money, the specific risks of the business as well as terminal growth rates in line with inflation levels.
Finally, the current value of the flows and the terminal value of the individual CGUs was compared with the capital invested in them.
For the purposes of the impairment test, the main assumptions, in line with current measurements of the cost of money, which take into account the specific risks of the CGUs, involve the risk-free rate of 3.70% (4.27% in 2023), the market risk premium unchanged on the previous year at 5.50% (increased, in 2024, from a minimum of 1.0% to a maximum of 3.5% to incorporate other risks for certain CGUs), the growth rate of 2.00%, the cost of debt before taxes of 1.93% (1.79% in 2023) and the ratio between equity and debt, respectively equal to 67.97% and 32.03% (respectively 83.97% and 16.03% the previous year) derived as the average value of a panel of comparable listed companies in the same sector.

During the year in question the impairment test performed did not indicate a need to carry out write-downs on goodwill.
Below is a breakdown of residual goodwill at the end of the year for each CGU:

- Valchiampo € 5,810 thousand;
- Burgo Distribuzione € 414 thousand.

The impairment test was also carried out with reference to the CGUs for which, in previous years or in the current year, there were indicators of impairment, and as anticipated in the previous note on Intangible Assets, the test in one case, that of the Lugo plant, highlighted the need to impair the values of the assets recorded in the Statement of financial position.

The Group, which has the right to receive green certificates against the production of energy from renewable sources at the Ardennes plant, recognised securities totalling € 10,290 thousand under assets (€ 5,074 thousand in 2023). The other intangible assets are mainly composed of software licenses.
The table below shows changes occurring during the year.

Flow from intangible assets €/000	Goodwill and other intangible assets with undefined life	Concessions, licenses, trademarks and similar rights	Other intangible assets	Fixed assets in progress and advances	Total
Historic cost at start of period	**6,224**	**17,651**	**5,074**	**452**	**29,401**
Increases during period	-	66	15,770	358	16,194
Disposals during period	-	-	(10,554)	-	(10,554)
Revaluations, impairment during period	-	-	-	-	-
Other changes	-	503	-	(485)	18
Historic cost at period end	**6,224**	**18,220**	**10,290**	**326**	**35,059**
Provision for amortization/depreciation at start of period	**-**	**16,046**	**-**		**16,046**
Amortization/depreciation during period	-	855	-		855
Uses during period	-	-	-		-
Other changes in the provision	-	-	-		-
Provision for amortization/depreciation at period end	**-**	**16,902**	**-**		**16,902**
Net book value at period end	**6,224**	**1,318**	**10,290**	**326**	**18,157**

The increases for € 16,194 thousand include the recognition of green certificates in the amount of € 15,770 thousand, as well as € 424 thousand related mainly to IT interventions, especially regarding software and user licences.

The decreases relate to the sale of green certificates relative to Burgo Ardennes for € 10,554 thousand.

3 | Other non-current assets

These include the items indicated below:

Equity investments and securities

Equity investments and securities €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Equity investments	27	27	-
Equity investments in other companies	7,174	9,052	1,878
	7,201	**9,079**	**1,878**

The "equity investments" item refers to the equity investment in the affiliate company Consorzio Energy Paper S.c.a.r.l. for € 27 thousand.

The increase in "Equity investments in other companies" is due to the reclassification of the loans to Consorzio Italia Energy Interconnector as part of the obligations arising from the Interconnector procedure, which in the previous year were recognised as financial receivables from other companies. The item mainly includes the equity investment in Paper Interconnector S.c.a.r.l., recorded on the balance sheet at a net value of € 7,191 thousand, and the equity investment in Interconnector Energy Paper for € 1,858 thousand; note that the latter was written down by € 350 thousand during the year.

Financial receivables and other non-current financial assets

Financial receivables and other non-current financial assets €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Non-current financial receivables due from others	8,279	6,289	(1,990)
	8,279	**6,289**	**(1,990)**

Financial receivables due from others totalled € 6,289 thousand, mainly composed of € 5,352 thousand for the financial receivable due to Burgo Group relative to the investee Consorzio Interconnector Energy Italia S.c.a.r.l. and € 562 thousand for an interest-bearing deposit made by Burgo Ardennes for the measures prescribed in the current "permis d'exploiter" (equivalent to the Italian Integrated Environmental Authorisation).

Other receivables and non-current assets

Other receivables and non-current assets €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Non-current sundry receivables due from others	87	89	2
Non-current security deposits	10,524	11,283	759
	10,611	**11,372**	**761**

The increase in other receivables and non-current assets of € 761 thousand compared to the previous year is mainly due to the increase in the security deposit made with Terna relative to the Interconnector procedure to guarantee the execution of interconnection work.

4 | Deferred tax assets

Deferred tax assets amount to € 28,960 thousand, a decrease of € 7,064 thousand.
Below is a detailed explanation:

Deferred tax assets €/000	31 Dec 2023			31 Dec 2024		
	Taxable	% rate	(Debit)/ credit	Taxable	% rate	(Debit)/ credit
IRES						
Taxed provisions (allocated)	108,342	24.0	26,002	90,668	24.0	21,760
Derivatives	(6,087)	24.0	(1,461)	(4,985)	24.0	(1,196)
IAS 19 discounting - actuarial G/L	2,248	24.0	540	2,222	24.0	533
Amortization, depreciation and write-downs	21,100	24.0	5,064	22,481	24.0	5,395
IRES losses to be used in future financial years	24,401	24.0	5,856	19,437	24.0	4,665
Allocation of shortfall	(31,004)	24.0	(7,441)	(30,428)	24.0	(7,303)
Other items	22,827	24.0	5,478	16,375	24.0	3,930
	141,826		**34,038**	**115,770**		**27,785**
IRAP						
Taxed provisions (allocated)	39,241	3.9	1,530	27,348	3.9	1,067
Amortization, depreciation and write-downs	18,761	3.9	732	19,174	3.9	748
Allocation of shortfall	(31,008)	3.9	(1,209)	(30,432)	3.9	(1,187)
Derivatives	2,383	3.9	93	(1,707)	3.9	(67)
Other items	21,509	3.9	839	15,740	3.9	614
	50,885		**1,985**	**30,123**		**1,175**
Prepaid foreign taxes						
Other items	4	28.0	1	-	28.0	-
	4		**1**	**-**		**-**
			36,024			**28,960**

Deferred tax assets show the balance between positions receivable and payable deriving from companies for which offsetting is legally allowed.
During the year deferred tax credits fell by € 7,064 thousand. The main differences seen during the year can be attributed to the following phenomena:

- provisions taxed for IRES and IRAP purposes, whose recognised deferred tax assets decreased by € 4,706 thousand;
- amortization/depreciation and impairment for IRES and IRAP, an increase in deferred tax assets of € 348 thousand;
- IRES losses to be used in future financial years whose deferred tax assets decreased by € 1,191 thousand;
- fair value on derivative financial instruments hedged recorded in Equity whose deferred tax liabilities decreased by € 105 thousand;
- allocation of shortfalls for IRES and IRAP whose deferred tax liabilities decreased by € 161 thousand;
- other liabilities with temporary differences, whose related deferred tax assets decreased by € 1,780 thousand.

For more details about the applicable rate, please see note 33 "Income taxes".
Note that the tax losses of the parent company can currently all be carried forward indefinitely.
Recognition of deferred tax assets relative to a portion of IRES tax losses that can be carried forward is justified by a reasonable expectation of sufficient future taxable income, based on the economic forecasts found in the industrial plan.
Tax losses which led to tax losses, summarised by year of creation and maturity, relate to the parent company. 2002 tax losses can only be used by Burgo Group S.p.A.
The difference between the losses accrued at the end of 2023 and 2024 derives from the use of these losses to reduce Burgo Group S.p.A.' s taxable base for the current year and for adjustments between the estimated tax calculation recorded in the Financial Statements as at 31 December 2023 and the final tax return.
Deferred tax assets refer to legal entities which have a positive balance in their individual financial statements. Specifically, these refer to the Burgo Group S.p.A., Burgo Distribuzione S.r.l., Burgo Energia S.r.l., Mosaico S.p.A. and Burgo Recycling S.r.l.

Finally, as at 31 December 2024 the Group recorded IRES tax losses amounting to € 112,030 thousand, for which no deferred tax assets have been recognised.

Furthermore, based on current estimations, it is unlikely that the Group will be subject to global minimum tax in the current year due to the application of existing safe harbours.

Tax losses €/000		2023		2024	
	maturity	loss	tax	**loss**	**tax**
2002	can be carried forward indefinitely	24,401	5,856	19,437	4,665
		24,401	**5,856**	**19,437**	**4,665**

Current assets

5 | Inventories

Warehouse inventories €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Raw materials inventories	54,410	54,349	(60)
Spare parts	42,625	43,321	696
Provision for impairment of raw materials and spare parts	(17,440)	(17,197)	243
Raw materials, subsidiary and consumable items	**79,595**	**80,473**	**879**
Products in progress and semi-finished products	30,253	30,228	(25)
Products in progress and semi-finished products	**30,253**	**30,228**	**(25)**
Finished products and goods	93,881	95,783	1,902
Provision for impairment of products	(18,894)	(11,924)	6,969
Finished products	**74,987**	**83,859**	**8,871**
	184,835	**194,561**	**9,725**

Warehouse inventories increased overall by € 9,725 thousand (in 2023 the change was € -94,756 thousand).
The value of raw materials, stocks, consumables, semi-finished products and finished products is shown net of the provision for obsolescence for € 29,121 thousand (€ 36,334 thousand the previous year).
This provision was adjusted during the year on the basis of the most recent assessments of the risk of not recovering the value of inventories.
Refer to the “Market Prices” paragraph in the Report on Operations for a breakdown of raw material price trends.

The value of inventories at € 43,321 thousand is in line with the figure at the end of the previous year.

The increase in the value of finished products, which amounted to € 1,902 thousand, is mainly due to higher stock quantities (up by around 7% on the previous year), only partially offset by a reduction in the average production cost associated mainly with lower energy costs.

6 | Trade receivables

Trade receivables €/000	31 Dec 2023	31 Dec 2024	Change
From customers	228,831	206,474	(22,357)
Provision for doubtful accounts	(50,259)	(47,104)	3,154
	178,572	**159,370**	**(19,202)**
from affiliated companies	5,877	13,636	7,759
	5,877	**13,636**	**7,759**
	184,449	**173,006**	**(11,443)**

Trade receivables do not accrue interest. It is held that the value inserted (adjusted by the provision for doubtful accounts) approximates the presumable realisable value.
Allocations to the provision for doubtful accounts during the year amounted to € 1,090 thousand, with releases of € 26 thousand, while uses of the provision came to € 4,218 thousand following the write-off of certain positions that were no longer recoverable.
The table below provides a breakdown of trade receivables by geographic area.
The reduction in trade receivables is mainly a result of the lower revenues recorded in the first quarter of the year compared to the previous year and an improvement in payment terms.

Trade receivables by geographic area €/000	31 Dec 2023	31 Dec 2024	Change
Italy	112,574	105,124	(7,450)
Europe E.U.	52,562	50,997	(1,566)
Other countries	19,313	16,885	(2,428)
	184,449	**173,006**	**(11,443)**

7 | Other receivables and current assets

Other receivables and current assets €/000	31 Dec 2023	31 Dec 2024	Change
Current tax receivables	**17,362**	**11,577**	**(5,785)**
Current sundry receivables due from others	10,121	13,516	3,394
Current receivables due from social security entities	222	26	(196)
Current derivative assets	203	1,707	1,504
Other sundry receivables	**10,547**	**15,249**	**4,702**
Other assets	**1,262**	**1,538**	**276**
	29,171	**28,364**	**(807)**

Other receivables and current assets decreased by € 807 thousand.
Current tax receivables fell by € 5,785 thousand, mainly due to a lower receivable from IRES and IRAP payments, lower residual tax receivables, and lower VAT receivables from the tax authorities.
As regards other sundry receivables, the main changes relate to the increase in sundry receivables due from others due to the receivable from the subsidiary Burgo Ardennes for insurance settlements, and the increase of € 1,504 thousand to the fair value of derivative assets.
Other assets, consisting of accrued income and prepayments, increased mainly due to higher prepayments to suppliers.

8 | Financial receivables and other current financial assets

Financial receivables and other current financial assets €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Financial receivables due from others	46,805	48,726	1,920
Derivative financial assets	9,175	3,536	(5,638)
Other financial assets	2,362	2,638	276
	58,342	**54,900**	**(3,442)**

Financial receivables due from others mainly regard:

- advances paid to suppliers of the parent company and the subsidiaries Mosaico and Burgo Ardennes by Burgo Factor for € 30,252 thousand (€ 37,935 thousand in 2023) at market rates, the average duration of which falls between 30 and 90 days;
- financial receivables due from factoring companies to the Parent Company and the subsidiary Mosaico, for the recourse transfer of receivables for € 3,838 thousand (€ 2,141 thousand in 2023);
- deposit accounts to support the operations of the subsidiary Burgo Energia S.r.l. for € 11,875 thousand (€ 3,848 thousand in 2023);
- deposit accounts for € 2,442 thousand in respect of the Parent Company, of which € 1,829 thousand not freely available as it is subject to a pledge lien to guarantee an FIT subsidised loan granted to the Sora plant.

Financial assets for current derivatives amounted to € 3,536 thousand to cover medium- to long-term credit lines.

9 | Cash on hand and other cash equivalents

Cash on hand and other cash equivalents €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Bank and postal deposits	272,378	268,827	(3,551)
Cash and cash on hand	27	25	(2)
	272,404	**268,852**	**(3,552)**

Cash on hand and other cash equivalents totalled € 268,852 thousand. The book value is equal to the fair value.
It is reported that cash equivalents include readily convertible deposit accounts, with repayment on demand or with a maximum maturity of three months, for a total of € 122,700 thousand, of which €120,000 thousand subscribed during the year by the Parent company and € 2,700 thousand by the subsidiary Burgo Ardennes SA.

Below is a reconciliation table for the item "Cash on hand and other cash equivalents" with net monetary availability recognised in the cash flow statement:

Reconciliation of cash on hand other cash equivalents €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Cash on hand and other cash equivalents	272,404	268,852	(3,552)
Current accounts and other loans	(16,726)	(25,930)	(9,204)
	255,678	**242,922**	**(12,756)**

Shareholders’ equity

10 | Shareholders’ equity

Total consolidated shareholders' equity amounted to € 540,665 thousand (€ 509,374 thousand on 31 December 2023).
The share capital of the Parent Company on 31 December 2024 consisted of 2,168,857,500 ordinary shares with no nominal value, for a total value of € 90,000 thousand.
The parent company has no treasury shares in its portfolio.
Consolidated shareholders' equity at 31 December 2024 increased by € 31,292 thousand with respect to 31 December 2023, as a consequence of the following main changes:

- an increase due to profits for the year of € 54,899 thousand (€ +73,558 thousand in 2023);
- an increase due to net fair value changes in financial derivatives recognised using hedge accounting for € 997 thousand (€ +3,354 thousand in 2023);
- a decrease for net changes equal to € 329 thousand (€ +86 thousand in 2023) due to discounting of TFR and other social security plans pursuant to IAS 19;
- a decrease due to the distribution of dividends of € 22,965 thousand, of which € 18,204 thousand from the Equity Instruments reserve component of profit reserve, € 4,551 thousand from the 2023 result, and € 210 thousand from minority shareholders of Burgo Factor S.p.A.

For more information, please see the "Statement of changes in consolidated shareholders' equity".

Reserves and profits carried forward €/00	**31 Dec 2023**	**31 Dec 2024**	**Change**
Distributable reserve from share capital reduction	138,797	138,797	-
Legal	18,000	18,000	-
Reserve for equity financial instruments	101,554	83,350	(18,204)
Non-distributable exchange gains reserve	2,559	793	(1,766)
Other reserves	48	48	-
Consolidation	(66,889)	(66,776)	113
IAS 19 reserve	(6,704)	(6,375)	329
Reserve for accounting standard change - FTA	4,684	4,686	2
Cash flow hedge reserve	4,719	3,722	(997)
	196,770	**176,246**	**(20,524)**
Reserve for retained earnings/(loss)	145,475	215,836	70,361
	145,475	**215,836**	**70,361**

The main variations are commented below:

- reserve for equity financial instruments decreases due to the distribution of dividends;
- the non-distributable reserve for unrealised exchange rate gains reduced following the adjustment to the reserve for unrealised gains at the end of the previous year;
- CFH reserve decreases due to the reduction in fair value of hedging derivatives, accounted for using the option of recording in equity;
- reserve for retained earnings/(loss) varies by € 70,361 thousand mainly due to the carryover of 2023 earnings, net of the dividends distributed in 2024 from the 2023 results, amounting to € 68,674 thousand.

Deferred taxes relative to items directly attributed to shareholders' equity are as follows:

Deferred taxes recognised directly to shareholders' equity €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Fair value changes in cash flow hedges	(1,529)	(1,424)	105
Actuarial gains/(losses)	1,914	1,806	(107)
Other	1,052	1,052	-
	1,436	**1,434**	**(2)**

Non-current liabilities

11 | Non-current financial liabilities

Non-current financial liabilities €/000	31 Dec 2023	31 Dec 2024	Change
Bonds	425	-	(425)
Loan payables	169,559	46,190	(123,369)
Right of use liabilities	5,664	6,863	1,198
	175,649	**53,053**	**(122,596)**

Non-current financial liabilities include:

- bank loan obtained by the subsidiary Burgo Ardennes for the cooker investment of € 6,729 thousand (€ 8,854 thousand in 2023);
- amounts due to Parent Company shareholders due after the end of the year and valued at amortized cost at € 14,345 thousand (€ 83,746 thousand at the end of the previous year) and medium/long-term loans to others for € 14,627 thousand (€ 64,344 thousand at the end of the previous year);
- a subsidised loan of € 754 thousand (initial nominal value of € 3,292 thousand) and a bank loan of € 170 thousand, relative to the admission to receive the benefits of the Fund for Technological Innovation, Law FIT 46/82 for the Sora plant, granted to the Parent Group;
- a subsidised loan obtained during the year for € 444 thousand (€ 309 thousand at year-end 2023), relating to project at the Avezzano plant for the new White Top Liner paper production for corrugated packaging;
- FRIE mortgages granted to the subsidiary Mosaico S.p.A.:
  - in 2016 by Mediocredito FVG at a subsidised variable rate, with a residual amount of € 438 thousand;
  - in 2021 by Civibank at a subsidised variable rate, with a residual amount of € 9,824 thousand.
- payables subscribed by S.E.F.E. for € 40 thousand;
- liabilities for rights of use of € 6,863 thousand.

Interest on variable rate loans was determined every six months. The conditions for fixed rate loans remained constant through to maturity of the instruments. For all payables relative to loans, valued at the amortized cost, it is held that the book value reflects the fair value of the financial instrument as of the reporting date.

Loan payables - breakdown of maturity dates €/000	31 Dec 2023	31 Dec 2024	Change
from 2 - 3 years	150,192	36,257	(113,935)
from 4 - 5 years	12,347	3,957	(8,390)
over 5 years	7,021	5,976	(1,044)
	169,559	**46,190**	**(123,369)**

Right of use liabilities - breakdown of maturity dates €/000	31 Dec 2023	31 Dec 2024	Change
from 2 - 3 years	3,162	3,976	814
from 4 - 5 years	1,752	1,889	137
over 5 years	750	998	248
	5,664	**6,863**	**1,199**

12 | Severance indemnities (TFR) and other provisions relative to personnel

TFR (severance indemnity) €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Actuarial measurement of TFR at start of period	17,340	16,214	(1,126)
Provisions	152	33	(119)
Payments	(2,180)	(2,058)	122
TFR discounting - IAS 19 reserve	130	(190)	(320)
TFR discounting - financial expenses (income)	791	559	(232)
Other changes - incoming (outgoing) transfers	(19)	(84)	(65)
	16,214	**14,474**	**(1,740)**

For actuarial measurement of the provision for severance indemnities (TFR) on 31 December 2024, on the basis of accounting standard IAS 19 an independent actuary carried out the calculation, on the basis of information provided by the Group.

In the calculation, the actuary made use of the following demographic hypotheses:

- to estimate probability of death within the group of employees subject to measurement, the RG48 survival table used by the Italian General Accounting Office to estimate pension expenses for the Italian population was used;
- to estimate probability of disability within the group of employees subject to measurement, an INPS table was used, broken down by age and gender;
- for retirement age for the generic active population, achievement of the minimum requirements established for General Obligatory Insurance was assumed;
- for probability of departure for reasons other than death, an annual frequency of 3.00% was considered (unchanged with respect to the previous year);
- for the probability of TFR advances, a yearly value of 2.00% was assumed (unchanged with respect to the previous year).

Financial economic hypotheses used in the measurement are described below:

Economic/financial hypotheses used	**2023**	**2024**
Annual theoretical discounting rate	3.08%	3.18%
Annual inflation rate	2.00%	2.00%
Annual TFR increase rate	3.00%	3.00%

The validity of this data is connected to the stability of the reference regulatory situation, expected performance of interest rates on the financial market, the expected performance of salary trends, of future liquidation trends and the frequency with which employees make use of advances, which must be on average compatible with the economic/financial hypotheses made.

Based on the social security reform, for companies with more than 50 employees future portions of the TFR provision accruing no longer accumulate within the company but go to supplementary social security or the INPS treasury fund. Therefore, projection of salaries based on given growth rates and professional roles is no longer necessary.

13 | Provision for deferred taxes

The provision for deferred taxes amounted to € 13,073 thousand (€ 14,136 thousand at the end of the previous year). This provision includes amounts allocated for deferred taxes that cannot be compensated for with deferred tax assets.

Below is a breakdown:

Deferred tax liabilities €/000	**31 Dec 2023**			**31 Dec 2024**		
IRES	Taxable	% rate	Debit/ credit	**Taxable**	**% rate**	**Debit/ credit**
Taxed provisions (allocated)	1,913	24.0	459	1,918	24.0	460
Other items	(1,013)	24.0	(243)	(519)	24.0	(125)
	901		**216**	**1,399**		**336**
IRAP						
Other items	(1,013)	3.9	(39)	(519)	3.9	(20)
	(1,013)		**(39)**	**(519)**		**(20)**
Deferred foreign taxes						
Taxed provisions (allocated)	50,837	25.0	12,709	47,411	25.0	11,853
Other items	4,964	25.2	1,250	3,583	25.3	905
	55,801		**13,960**	**50,994**		**12,758**
			14,136			**13,073**

Deferred tax liabilities refer to legal entities which have a negative balance in their individual financial statements. Specifically, these were Burgo Ardennes S.A., Burgo Factor S.p.A. and Burgo Central Europe G.m.b.H.

14 | Provisions for risks and charges

Provisions for risks and charges €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Provision for industrial charges	19,119	22,006	2,887
Provision for ongoing disputes	24,796	14,108	(10,688)
Provision for supplementary customer allowance	4,752	4,774	22
Provision for restructuring charges	1,639	1,639	-
Other provisions for risks and charges	2,437	1,697	(739)
Provision for future personnel plans	3,192	2,517	(675)
	55,934	**46,740**	**(9,194)**

Below a breakdown and information about changes in the provisions is provided:

Provisions for risks and charges - changes €/000	Balance at start of period	Increases	Decreases	Discounting	**Balance at end of period**
Provision for industrial charges	19,119	7,580	(4,693)	-	22,006
Provision for ongoing disputes	24,796	2,944	(13,632)	-	14,108
Provision for supplementary customer allowance	4,752	186	(164)	-	4,774
Provision for restructuring charges	1,639	-	-	-	1,639
Other provisions for risks and charges	2,437	38	(777)	-	1,697
Provision for future personnel plans	3,192	-	(492)	(183)	2,517
	55,934	**10,747**	**(19,758)**	**(183)**	**46,740**

The **provision for industrial charges**, which is composed as the table above, has undergone the following main movements listed below:

- provision for industrial charges associated with the CO_2 quota deficit, calculated at 31/12/2024 after free allocations received on an accrual basis and acquisitions already made to deal with the deficit in question. Allocations for € 1,356 thousand were recognised during the period. The provision as at 31 December stands at € 5,320 thousand (€ 3,965 thousand in the previous year);
- provision for expenses to be incurred for the demolition and redevelopment of certain production facilities and for the management of waste disposal sites for a total amount, as at 31 December 2024, of € 8,295 thousand to Burgo Ardennes, € 1,841 to the Burgo Group and € 2,000 to Mosaico. During the year, accruals were made for the remediation of properties and plants, amounting to € 2,000 thousand for Mosaico and € 324 thousand for Burgo Group, while respective utilizations of € 4,104 thousand to Burgo Group and € 589 thousand to Burgo Ardennes were made;
- provision for future maintenance costs of production facilities amounting to € 4,550 thousand attributable to Burgo Ardennes. Amortization during the year was € 3,900 thousand.

The **provision for ongoing disputes** is created to deal with potential liabilities that could arise in relation to legal disputes and disputed items. The decrease in the year was mainly due to utilisations for € 4,923 thousand at Burgo Group and € 900 thousand at Mosaico for an allocation recognised in the previous year against risk of a tax clearance application on tax credits for energy-intensive companies, and € 7,000 thousand at Burgo Group in relation to settlements of disputes over energy charges. Furthermore, provisions for € 1,130 thousand were recorded for the dispute with the Abruzzo Region regarding water rights fees for hydroelectric use, and € 1,337 thousand for employment-related legal disputes.

The **provision for supplementary customer allowance** is an estimate of the indemnities to be paid to sales agents for interruption of the agency relationship.

The **provision for restructuring costs** at the Burgo Group includes provisions made for expenses to be sustained to carry out the restructuring plan.

The **provision for other risk and charges** includes allocations for other potential liabilities, other than those above.

The **provision for other personnel expenses** includes:

- the provision "unemployment fund with company contribution" refers to the subsidiary Burgo Ardennes which, as required under local regulations, must pay supplementary indemnities to employees with certain work seniority and age requirements, if they choose to make use of the pre-pension provided by the government and decide to leave work prior to the age established for old age pensioning;
- a provision for a defined social security plan determined through payments to an insurance company.

For actuarial measurement of the "unemployment fund with company contribution" at 31 December 2024, based on accounting standard IAS 19 an independent actuary carried out the calculation, on the basis of information provided by the Group.
In the calculation, the actuary made use of the following demographic hypotheses:

- for probability of death, the tables in effect in Belgium, specifically MR-5 for men and FR-5 for women;
- for the rate of adhesion to pre-pensioning it was assumed that 5% of employees over 60 and 4% of employees between 55 and 59 would opt for the benefit as soon as possible, and that the rest would remain in service until reaching 60.

Please note that in Belgium the pension age was increased: between 2025 and 2029 it will rise from the current 65 years to 66 years.

Financial economic hypotheses used in the measurement are described below:

Economic/financial hypotheses used	2023	2024
Annual theoretical discounting rate	3.15%	2.80%
Annual inflation rate	2.20%	2.00%

For the actuarial assessment of the social security plan on 31 December 2024 on the basis of accounting standard IAS 19, the same basic hypotheses adopted for the "Provision for unemployment fund with company contribution" were used.
Similar to that done for the provision for employee severance indemnities, the interest cost component was recognised among financial expenses.

15 | Other payables and non-current liabilities

Other payables and non-current liabilities €/000	31 Dec 2023	31 Dec 2024	Change
Non-current payables due to suppliers	476	579	103
	476	**579**	**103**

The payable refers to multi-year premiums paid to suppliers of wood by the subsidiary Burgo Ardennes S.A., for € 579 thousand.

Current liabilities

16 | Current financial liabilities

Current financial liabilities €/000	31 Dec 2023	31 Dec 2024	Change
Bonds	1,700	425	(1,275)
Loan payables - current portion	26,602	125,277	98,675
Current accounts and other loans	16,726	25,930	9,204
Payables due from other lenders	1	2	0
Right of use liabilities	2,563	2,514	(49)
Other financial liabilities	1,972	1,625	(347)
	49,565	**155,774**	**106,209**

The increase in current financial liabilities of € 106,209 thousand is mainly attributable to the reclassification to short-term of part of the medium-to-long term loans due by the end of 2025. Please note that in the current loan payables the current payables to shareholders of the Parent Company, valued at amortized cost, stood at € 70,745 thousand (compared to € 12,261 thousand the previous year).
The current portion of right of use liabilities amount to € 2,514 thousand.
The item "Other financial liabilities" includes interest expenses payable accruing on medium to long-term loans and the use of short-term credit lines.
Interest on variable rate loans is determined half-yearly, while that for fixed rate loans remained constant until the instrument matured. For all payables relative to loans, valued at the amortized cost, it is held that the book value approximates the fair value of the financial instrument as of the reporting date.
It should also be noted that, at the end of the 2024 financial year, credit lines totalling around € 238.1 million were available to meet short-term financial needs, of which € 201.4 million were for ST lines in Italy and € 36.7 million in Belgium for Burgo Ardennes, utilised as at 31 December 2024 for a total of about € 65 million, most of which related to unsecured lines.
The Group also has access to without-recourse factoring lines with a total limit of more than € 100 million, in addition to a limit with recourse of € 8 million on Burgo Ardennes included in the ST lines.

17 | Trade payables

Trade payables €/000	31 Dec 2023	31 Dec 2024	Change
Current payables due to suppliers	305,254	284,557	(20,697)
Current payables due to affiliated companies	373	841	467
	305,628	**285,397**	**(20,230)**

Trade payables do not accrue interest. The amount recognised in the financial statements approximates the market value.

The reduction in trade payables of € 20,230 thousand compared to the previous year is mainly due to lower purchases made in the final part of the year compared to the same period of 2023, to lower costs of certain raw materials compared to the previous year, and the lack of any large investments at the end of the year. Trade payables due to affiliated companies refer to Burgo S.p.A. and Mosaico S.p.A. payables to the affiliate Consorzio Energy Paper S.c.a.r.l..

The table below provides a breakdown by geographic area:

Trade payables by geographic area €/000	31 Dec 2023	31 Dec 2024	Change
Italy	142,374	132,923	(9,451)
Europe E.U.	157,686	144,673	(13,013)
Other countries	5,568	7,802	2,233
	305,628	**285,397**	**(20,230)**

18 | Current tax payables

Current tax payables amounted to € 8,613 thousand. The item mainly includes payables due to the tax authorities for substitute taxes and income taxes for Italian companies and foreign subsidiaries.

Payables for current taxes €/000	31 Dec 2023	31 Dec 2024	Change
Tax payables, income tax	2,599	2,483	(115)
Tax payables, VAT	171	221	50
Payables for withholdings	3,644	4,558	914
Tax payables for municipal taxes	39	34	(5)
Other tax payables	1,028	1,316	287
	7,481	**8,613**	**1,132**

19 | Other payables and current liabilities

Other payables and current liabilities are comprised as follows:

Other payables and current liabilities €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Current sundry payables due to others	9,578	9,148	(430)
Payables for commissions and premiums	5,106	6,057	952
Payables due to personnel	24,942	19,304	(5,638)
Current payables due to social security entities	6,445	6,404	(42)
Current derivative liabilities	2,564	5,434	2,870
Accruals and deferred income	6,652	6,056	(596)
	55,288	**52,404**	**(2,884)**

The reduction of € 2,884 thousand is mainly due to the combined effect of:

- an increase in liabilities for the fair value of current derivative of commodities instruments for € 2,870 thousand;
- a decrease in payables due to personnel mainly due to the allocation of lower variable remuneration components at year-end;
- a decrease in passive accruals and deferred income on capital contributions on investments.

20 | Commitments and potential liabilities

The following table shows the guarantees granted in the interest of the subsidiaries of Burgo Group S.p.A., for € 33,039 thousand, by credit institutions based on unsecured lines granted to Burgo Group S.p.A.

The subsidiaries (contractors/debtors) are:

- Burgo Recycling S.r.l.; up compared to the previous year due to the development of its business;
- Burgo Distribuzione S.r.l.; in line with the previous year;
- Burgo Energia S.r.l.; down on the previous year following lower energy market prices;
- Mosaico S.p.A. in line with the previous year.

Guarantees granted to other parties by banks and insurance companies in the interest of Burgo Group S.p.A., for € 5,587 thousand, are also indicated.

Commitments and potential liabilities €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Personal guarantees provided in favour of:			
subsidiaries	25,255	33,039	7,784
other subjects	17,439	5,587	(11,852)
	42,694	**38,626**	**(4,068)**

Consolidated Income Statement

Below are the main items which were not commented on relative to the consolidated income statement. For comments on changes in the most significant items, please see the analysis of the Group's income results in the Report on Operations.

21 | Revenues

Revenues €/000	31 Dec 2023	31 Dec 2024	Change
Paper	1,194,169	1,171,961	(22,208)
Pulp	77,477	89,169	11,692
Paper for recycling	1,640	10,692	9,052
Energy	142,848	134,437	(8,412)
Gas	28,421	33,270	4,848
Others	26,257	26,566	309
	1,470,813	**1,466,094**	**(4,719)**

The decrease in revenues for € 4,719 thousand (-0.3%) is mainly due to the reduction in paper sales which came to € 22,208 thousand (-1.9%) and energy and natural gas sales for € 3,563 thousand (-2.1%). Revenues from pulp sales also increased by € 11,692 thousand (15.1%), as did revenues from paper for recycling sales, by € 9,052 thousand.

The decrease in paper revenues is primarily due to the lower average sales prices for paper that went from € 1,075/t in 2023 to € 998/t in 2024, only partly offset by the increase in volumes sold, which rose from 1,111 thousand tonnes in 2023 to 1,174 thousand tonnes in 2024.

Markets €/000	31 Dec 2023	31 Dec 2024	Change
Italy	637,007	620,346	(16,661)
Europe E.U.	635,560	657,404	21,844
Other countries	198,246	188,345	(9,901)
	1,470,813	**1,466,094**	**(4,719)**

22 | Other income

Other income €/000	31 Dec 2023	31 Dec 2024	Change
Insurance settlements	876	6,120	5,244
Environmental certificates	19,843	26,929	7,086
Energy expenses recovery and reimbursements	28,099	24,845	(3,254)
Sundry income and expenses recovery	6,657	6,706	49
Fair value assets derivative financial instruments	0	-	(0)
Grants for current capital expenditure	3,165	2,468	(697)
	58,639	**67,067**	**8,427**

Other income increased by € 8,427 thousand, specifically due to:

- insurance settlements on claims paid out by the Group, at the Burgo Ardennes plant, which during the year increased by a total of € 5,244 thousand;
- higher revenues for white certificates for € 7,086 thousand recognised to the subsidiaries Burgo Ardennes and Mosaico;
- lower revenues for recoveries and miscellaneous energy income mainly resulting from consideration paid for electricity and gas interruptibility services for a total of € 3,254 thousand.

23 | Purchases of materials and external services

Purchases of materials and external services €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Purchases of raw materials, subsidiary and consumable items and goods	617,424	711,065	93,642
Transport and accessory expenses on purchases	24,452	24,392	(60)
Transport and accessory expenses on sales	89,179	96,136	6,957
Other industrial services	23,707	27,014	3,308
Industrial maintenance	24,777	29,592	4,816
Electricity and natural gas	251,018	286,341	35,324
Fees to independent auditing firm	350	404	54
Fees to statutory auditors	194	213	19
Other general and administrative services	29,412	34,727	5,315
Rentals and leases	3,672	3,334	(338)
	1,064,184	**1,213,219**	**149,034**

Purchases of materials and external services increased by € 149,034 thousand. The most significant changes include:

- the purchase of raw materials, ancillary materials, consumables and goods which increased by € 93,642 thousand, due to higher volumes purchased in the period due to higher production volumes, and the effect of higher average purchase costs, specifically for pulp, paper for recycling and kaolin;
- higher transportation costs and ancillary expenses on sales (€ 6,957 thousand), also due to higher volumes;
- other industrial services saw an increase (€ 3,308 thousand) mainly due to additional services requested from external suppliers;
- energy product costs increased by € 35,324 thousand due to the increased production by plants and the resulting increase in energy consumption, only partly offset by the reduction on natural gas and purchased electricity;
- industrial maintenance increased by € 4,816 thousand, mainly due to extraordinary maintenance on certain assets at the Duino plant, which was disposed of in 2023;
- other general administrative services increased by € 5,315 thousand, mainly due to consultancy costs related to extraordinary operations and activities.

24 | Personnel expenses

Personnel expenses €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Wages and salaries	111,289	112,815	1,526
Social security contributions	36,481	36,444	(38)
Expenses for defined benefit programs	5,831	5,687	(144)
Others	22,104	18,841	(3,264)
	175,705	**173,786**	**(1,919)**

Personnel expenses decreased by € 1,919 thousand compared to the previous year and accounted for 11.9% of revenue, in line with the previous year.
The reduction in personnel expenses is due to the combined effect of the lower allocation for staff bonuses, offset only partially by an increase in hours worked, reduced use of social safety nets compared to the same period of the previous year, as well as the indexing of labour costs in Belgium and the wage increases provided for in the collective bargaining agreement currently in force in Italy.
For more details, please see the Report on Operations, under the item "Personnel".

25 | Other operating expenses

Other operating expenses €/000	31 Dec 2023	31 Dec 2024	Change
Provisions			
for impairment of receivables	(777)	1,063	1,841
for industrial charges	7,000	6,224	(776)
for disputes in course	12,502	2,208	(10,294)
for supplementary customer allowance	265	185	(80)
	18,989	**9,680**	**(9,309)**
Other costs			
Corporate expenses, taxes and indirect taxes	12,932	12,706	(225)
Fair value liabilities derivative financial instruments	-	1,570	1,570
Contributions, donations and sundry costs	1,317	1,190	(127)
Losses and other costs	1,393	2,239	846
	15,641	**17,706**	**2,065**
CO_2 certificates			
CO_2 costs net of price setting	11,134	5,050	(6,084)
CO_2 allocations	1,667	1,356	(311)
	12,801	**6,406**	**(6,396)**
	47,432	**33,792**	**(13,640)**

Other operating expenses decreased by € 13,640 thousand overall.
More specifically:

- provisions for future credit losses increased. However, the provision is in any case limited thanks to the broad coverage offered by the credit insurance policies established by the Group;
- provisions for ongoing disputes fell by € 10,294 thousand, mainly due to lower allocations to energy risk provisions and for the dispute with the Abruzzo Region, and subsidies for energy-intensive companies that were prudentially allocated in the previous year;
- net CO_2 costs for the year were down by € 6,396 thousand compared to the previous year due to greater offsetting of CO_2 charges in Italy and Belgium compared to the previous year.

26 | Change in inventories

Change in inventories €/000	31 Dec 2023	31 Dec 2024	Change
Change in inventories	(94,960)	9,725	104,686
	(94,960)	**9,725**	**104,686**

The change in inventories led to revenues of € 9,725 thousand, following the increase in the value of stock at the end of the year.
See note 5) Inventories for more details.

27 | Capitalised costs for internal work

Capitalised costs for internal work €/000	31 Dec 2023	31 Dec 2024	Change
Capitalised costs	1,107	1,017	(90)
	1,107	**1,017**	**(90)**

This item includes costs for employee work, warehouse materials and other costs sustained to complete internal systems work. The change is linked to the main investments made during the yearat the Sora and Tolmezzo plants. Please see the Report on Operations for more details on the main investments made during 2024.

28 | Depreciation and amortization

Depreciation and amortization €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Buildings	5,104	4,156	(947)
Plant and machinery	36,172	37,298	1,125
Industrial equipment	307	260	(47)
Other assets	1,525	1,558	33
Buildings for civil use	19	19	-
Rights of use	2,744	2,843	99
Intangible assets with defined life	807	855	48
	46,678	**46,989**	**311**

Depreciation and amortization, amounting to € 46,989 thousand, were in line with the previous year and mainly concerned the investments made in 2024; for more information, see the "Investments" item in the Report on Operations.

29 | Capital gains/losses on disposal of non-current assets

Capital gains/losses on disposal of non-current assets €/000	**31 Dec 2023**	**31Dec 2024**	**Change**
Capital gains	928	67	(861)
Capital losses	(30)	(231)	(202)
	899	**(164)**	**(1,063)**

Capital gains/losses related to disposals in the year, especially the sale of the gas turbine rotor at the Sarego plant.

30 | Write-backs/write-downs of non-current assets

Write-backs/write-downs of assets €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Plant and machinery	2,810	4,029	1,219
Industrial equipment	-	6	6
Other assets	-	15	15
Fixed assets in progress and advances	3,026	-	(3,026)
	5,837	**4,050**	**(1,787)**

During the year write-downs on fixed assets amounting to € 4,050 thousand were made, relative to plants and machinery at the Lugo plant following impairment testing.

31 | Financial expenses

Financial expenses €/000	31 Dec 2023	31 Dec 2024	Change
Interest expenses on payables due to banks	6,611	6,770	160
Discounting of severance indemnities (TFR)	791	559	(232)
Financial expenses from measurement of derivatives	-	446	446
Other financial expenses	5,171	5,032	(139)
Exchange losses	579	310	(270)
Write-downs of equity investments	-	350	350
	13,152	**13,467**	**315**

Financial expenses amounted to € 13,467 thousand, showing a slight increase of € 315 compared to the previous year.

The main changes involved:

- write-down of the equity investment in Consorzio Energy Italia Interconnector for € 350 thousand;
- financial expenses of € 446 thousand deriving from the change in the fair value of interest rate hedging derivatives for the component not recognised under the CFH reserve as it did not meet the requirements of the accounting standard; last year, this same component was positive;
- other financial expenses decreased by € 139 thousand, mainly attributable to:
  - the year's competence portion of fees paid in advance for the availability of short-term credit facilities (revolving credit facility);
  - costs for discounting and fees charged on the transfer of tax credits to energy-intensive companies incurred in 2023 and not repeated in 2024;
  - guarantees costs are also decreasing due to the lower guarantees required to operate in the energy markets following the drop in prices.

32 | Financial income

Financial income €/000	31 Dec 2023	31 Dec 2024	Change
Other financial income			
Financial income from the sale of equity investments	196	-	(196)
Interest income from banks	2,691	6,837	4,146
Interest income from reverse factoring	2,865	3,387	521
Financial income from derivative valuation	705	-	(705)
Other financial income	220	742	522
Exchange gains	966	712	(254)
	7,644	**11,678**	**4,034**

Financial income amounted to € 11,678 thousand, compared to € 7,644 thousand the previous year and increased with respect to the previous year by € 4,034 thousand. The increase is mainly due to the rise in interest income from banks (€ 4,146 thousand) compared to the previous year, due to the recognition of interest accruing on investments in time deposits.

33 | Income taxes

Current taxes reflect the amount allocated relative to the regulations in effect in the various countries in which the Group operates.
Deferred tax assets and liabilities recognised in the annual income statement reflect the changes in the same occurring at the equity level, with respect to the previous year.

Income taxes €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Current taxes - IRES	-	960	960
Current taxes - IRAP	1,763	2,119	357
Current taxes - foreign companies	5,998	6,207	209
Other taxes	-	(132)	(132)
Deferred tax assets/liabilities - IRES	10,774	6,592	(4,182)
Deferred tax assets/liabilities - IRAP	955	669	(286)
Deferred tax assets/liabilities - foreign companies	(1,895)	(1,200)	695
	17,595	**15,215**	**(2,379)**

By way of illustration, below are the nominal rates applied in each jurisdiction.

Tax rates	**2024**
Italy	27.90%
Belgium	25.00%
France	25.00%
Spain	25.00%
Great Britain	25.00%
Germany	15,825% *
Poland	19.00%
United States of America	21.00%

* subject to a sales tax ranging from 8.75% to 20.3%, depending on the location of the business.

Reconciliation of income taxes recognised in the annual income statement and theoretical taxes resulting from application of the tax rate in effect on before tax profit is as follows:

Reconciliation between income tax and theoretical tax €/000	**2023**	**2024**
Before tax results for the year	**91,153**	**70,114**
Before tax results for the year - recorded to discontinued operations		
Before tax results for the year recorded to the Income Statement	**91,153**	**70,114**
Theoretical tax (IRES) - Italian tax rate in effect: 24.0%	21,877	16,827
Current taxes (IRES) recognised in the financial statements	-	960
Deferred taxes (IRES) recognised in the financial statements	10,774	6,592
Current/deferred taxes, foreign companies	4,103	4,875
Total taxes recognised in the financial statements	**14,877**	**12,427**
Effective tax rate on before tax profit	16.3%	17.7%
Current taxes (IRAP) recognised in the financial - 3.9% rate in effect	1,763	2,119
Deferred taxes (IRAP) recognised in the financial - 3.9% rate in effect	955	669
Total (IRAP) taxes recognised in the financial statements	**2,718**	**2,789**
Effective (IRAP) tax rate on before tax profit	3.0%	4.0%
Taxes - CORPORATE TAX - Total recognised in the financial statements	**17,595**	**15,215**
Effective tax rate on before tax profit	**19.3%**	**21.7%**

34 | Consolidated Schedule of Other Components of the Statement of Comprehensive Income

The schedule presented on page 65 illustrates the economic result that would be achieved in the case that all changes in items directly attributed to shareholders' equity passed through the annual income statement and has been adjusted to the provisions of IAS 1, indicating through grouping the items which, upon the meeting of specific conditions, will be reclassified to profit (loss) for the year and, separately, those that will not be reclassified to profit (loss) for the year.

The Group presents the following items:

- year-end fair value adjustment of hedging derivatives. During the year, the gross variation was negative for € 1,102 thousand, which net of taxes (€ 105 thousand) is equal to -€ 997 thousand;
- profits and losses from discounting of defined benefit plans associated with defined benefit plans recognised within a specific shareholders' equity reserve: in 2024 € 436 thousand was recognised which, net of tax effects of € 107 thousand, led to a positive change of € 329 thousand;
- the effects of translating the financial statements of foreign companies (€ +113 thousand).

Relations with related parties

Related party transactions, including infra-group transactions, are not classified as atypical or unusual, as they are part of the ordinary business of the Group's companies. These operations, when not completed under standard conditions or those dictated by specific regulatory provisions, are in any case carried out under market conditions. Related party transactions (based on the definition in IAS 24) essentially involve the exchange of goods, the provision of services or the supply and use of financial means. Below are the economic and equity effects of transactions with subsidiaries of Burgo Group S.p.A. related parties at 31 December 2024.

Relations with related parties €/000	**Subsidiaries**		**Total financial statement items**			
	31 Dec 2023	**31 Dec 2024**	**31 Dec 2023**	**%**	**31 Dec 2024**	**%**
Financial receivables and other non-current financial assets	2,800	2,800	9,750	29%	8,152	34%
Trade receivables	61,254	48,686	118,534	52%	93,080	52%
Other receivables and current assets	10,950	9,054	25,497	43%	18,139	50%
Financial receivables and other current financial assets	14,228	16,626	29,165	49%	25,939	64%
Current financial liabilities	(79,256)	(101,540)	(104,869)	76%	(225,609)	45%
Trade payables	(108,190)	(55,281)	(220,576)	49%	(158,767)	35%
Other payables and current liabilities	(3,587)	(4,530)	(25,373)	14%	(25,042)	18%
Economic relationships						
Revenues	183,157	173,263	869,476	21%	803,964	22%
Other income	6,142	5,917	22,120	28%	23,085	26%
Costs for materials and external services	(426,911)	(369,961)	(714,964)	60%	(724,114)	51%
Personnel expenses	-	(15)	(60,351)	0%	(58,657)	0%
Other operating expenses	(8,383)	(10,726)	(20,467)	41%	(12,518)	86%
Capitalised costs for internal work	(14)	-	528	-3%	338	0%
Financial expenses	(871)	(1,249)	(10,283)	8%	(11,156)	11%
Financial income	52,148	56,924	59,005	88%	65,196	87%
Income taxes	10,726	8,009	(155)	-6941%	(242)	-3307%

In addition, the transactions reported above, at 31 December 2024 there were medium/long-term loans, interest rate hedging contracts and insurance policies covering industrial risks and civil liability with related parties, all stipulated at market conditions.
As at 31 December 2024, loans with related parties amounted to a nominal € 86,006 thousand (€ 98,257 thousand at 31 December 2023), including the amount to be repaid within and after year-end.

Significant events after year end

After a year characterised by persisting geopolitical uncertainties linked to the ongoing wars and macro-economic tensions, in 2025 these uncertainties remain and are further exacerbated by the probable effects of the policies adopted by the new US administration, which are likely to have a significant impact on geopolitical, economic and financial dynamics.

During the initial months of 2025, the Group continued to carry out its business without any significant transactions or events. There are no further events to report.

Other information

Reconciliation statement of parent company and Group results

The statement below illustrates the connection between the shareholders' equity and results for the year of Burgo Group S.p.A. and the shareholders' equity and result for the year in the consolidated financial statements.

Reconciliation between shareholders' equity and parent company and consolidated result €/000	**Shareholders' equity**		**Profit/(loss) for the period**	
	31 Dec 2023	**31 Dec 2024**	**31 Dec 2023**	**31 Dec 2024**
Parent Company Financial Statements	**569,605**	**618,234**	**67,628**	**73,417**
Elision of consolidated equity investments	(60,671)	(79,153)	57,948	36,109
Elimination of dividends from consolidated companies	-	-	(52,772)	(55,771)
Adjustments for adaptation to Group accounting standards	439	1,585	754	1,143
Consolidated Financial Statements	**509,374**	**540,665**	**73,558**	**54,899**

Number of employees

Number of employees	Start of year	Year end	Average 2023	Average 2024
Executives	45	49	44	47
Office Workers	768	760	813	764
Manual Workers	1,997	1,946	2,254	1,972
Temporary Workers	124	132	165	128
	2,934	**2,887**	**3,276**	**2,911**

Independent auditing fees (article 2427, paragraph 1, 16 bis, Italian Civil Code)

Compensation for statutory auditing pursuant to article 2427, paragraph 1, no. 16 bis, Italian Civil Code€/000	**2024 Financial Statements**
Statutory auditing services for the annual accounts:	
Parent Company	140,862
Italian subsidiaries	149,734
Foreign subsidiaries	127,984
	418,581

Disclosure for transparency in public subsidies, required by Italian Law 124/2017, article 1, paragraphs 125-129, as amended

Italian Law 124 of 2017 (the annual market and competition law) introduced new disclosure requirements relative to transparency in public subsidies received and granted, in article 1, paragraphs 125-129.
The following schedule provides information about grants and other economic advantages received from Italian public administrations during 2024:

Contributions and subsidised rate loans

Granting entity	Purpose	Subsidised rate	Amount financed
Ministry of Economic Development	Agrifood grant for Project at Avezzano Plant for "New White Top-Liner paper production for corrugated packaging"		Total amount of € 230 thousand disbursed in 2024, € 69 thousand still outstanding.
Ministry of Economic Development	Subsidised rate loan Agrifood for Project at Avezzano Plant for "New White Top-Liner paper production for corrugated packaging"	annual fixed rate 0.13%	Total amount of € 216 thousand disbursed in 2024, € 61 thousand still outstanding.

Note that on the basis of the most authoritative interpretations of the stated law, any payments, general measures or tax subsidies which can be used by all companies or generally by companies within specific sectors, such as the paper sector or sector of heavy energy user companies, were not considered.

The amounts indicated in the disclosure above are also shown in the financial statements of the relevant Group companies.

Net financial position as defined in CONSOB Communication DEM/6064293 of 28 July 2006, and in accordance with ESMA Recommendations ESMA/2013/319

The table below shows the detailed breakdown of net financial position determined according to the definition set out in CONSOB Communication DEM/6064293 of 28 July 2006 and in compliance with the ESMA/2013/319 recommendations and the new guidelines published on 04 March 2021 on the reporting requirements deriving from Regulations 1129, 979 and 980.

ESMA Financial Position €/000	**31 Dec 2023**	**31 Dec 2024**
A. Cash on hand	176,184	146,152
B. Cash equivalents	96,220	122,700
C. Other current financial assets	47,338	49,535
Liquidity (A+B+C)	**319,742**	**318,387**
E. Current financial liabilities (including debt instruments, but excluding current portion of non-current financial payable)	18,699	27,557
F. Current portion of long-term financial payables	30,866	128,217
G. Current financial indebtedness (E+F)	**49,565**	**155,774**
H. Net current financial position (G-D)	**(270,177)**	**(162,613)**
I. Non-current financial liabilities (excluding current portion and debt instruments)	175,224	53,053
J. Debt instruments (non-current bonds)	425	0
K. Non-current trade and other payables	0	0
L. Non-current financial indebtedness (I+J+K)	**175,649**	**53,053**
M. ESMA financial position (H+L)	**(94,528)**	**(109,560)**

Reconciliation between Net Financial Position and ESMA Financial Position €/000	**31 Dec 2023**	**31 Dec 2024**
Current financial assets	(330,746)	(323,752)
Current financial liabilities	49,565	155,774
Financial receivables and other non-current financial assets	(8,279)	(6,289)
Non-current financial liabilities	175,649	53,053
Net Financial Position	**(113,811)**	**(121,214)**
Financial receivables and other non-current financial assets	8,279	6,289
Financial receivables and other current financial assets subject to pledge lien	1,829	1,829
Fair value on financial instruments for hedging	9,175	3,536
ESMA Financial Position	**(94,528)**	**(109,560)**

Note that, against short-term portions of long-term financial liabilities of € 128.2 million, due within the year, the Group has € 122.7 million in financial assets readily convertible into cash, in addition to € 146.2 million in cash on hand and cash equivalents.

Information about the financial risk management policy

The following information, pursuant to current accounting standard IFRS 7, is aimed at illustrating the impact that financial instruments have on the amount of risk exposure, providing details on measurements and mechanisms that the Group has implemented to manage this exposure.

Significance of financial instruments relative to the equity and financial situation and economic result

Below is information regarding the significance of financial instruments relative to the consolidated equity situation and the consolidated economic result is provided separately.

Significance of financial instruments to the equity and financial situation

The table shows the book value recognised for each financial asset and liability in the consolidated statement of financial position.

Financial instruments €/000	**31 Dec 2023 Book value**	**31 Dec 2024 Book value**
Trade receivables and other receivables	232,308	217,325
Financial receivables	49,167	51,363
Cash and cash equivalents	272,404	268,852
Derivatives:		
Assets	9,378	5,243
Liabilities	(2,564)	(5,434)
Lending from banks	(100,151)	(86,375)
Right of use liabilities	(8,227)	(9,377)
Loans from associated companies	(96,010)	(85,093)
Bonds and converting loans	(2,125)	(425)
Trade payables and other payables	(366,310)	(341,560)
Payables due to banks	(18,698)	(27,555)
	(30,829)	**(13,036)**

The reconciliation between the balance sheet items of financial assets and liabilities and the categories provided for their recognition under IFRS 7 is shown below:

€/000	Derivatives designated as hedging instruments (assets)	Financial assets valued at amortized cost	Derivatives designated as hedging instruments (liabilities)	Financial liabilities recognised at amortized cost	31 Dec 2024
Trade receivables and other receivables	-	217,325	-	-	217,325
Financial receivables	-	51,363	-	-	51,363
Derivatives: assets	5,243	-	-	-	5,243
Total financial assets	**5,243**	**268,688**	**-**	**-**	**273,931**
Derivatives: liabilities	-	-	(5,434)	-	(5,434)
Lending from banks	-	-	-	(86,375)	(86,375)
Right of use liabilities	-	-	-	(9,377)	(9,377)
Loans from associated companies	-	-	-	(85,093)	(85,093)
Bonds and converting loans	-	-	-	(425)	(425)
Trade payables and other payables	-	-	-	(341,560)	(341,560)
Payables due to banks	-	-	-	(27,555)	(27,555)
Total financial payables	**-**	**-**	**(5,434)**	**(550,385)**	**(555,820)**

€/000	Derivatives designated as hedging instruments (assets)	Financial assets valued at amortized cost	Derivatives designated as hedging instruments (liabilities)	Financial liabilities recognised at amortized cost	31 Dec 2023
Trade receivables and other receivables	-	232,308	-	-	232,308
Financial receivables	-	49,167	-	-	49,167
Derivatives: assets	10,847	-	-	-	10,847
Total financial assets	**10,847**	**281,475**	**-**	**-**	**292,322**
Derivatives: liabilities	-	-	(2,564)	-	(2,564)
Lending from banks	-	-	-	(100,151)	(100,151)
Right of use liabilities	-	-	-	(8,227)	(8,227)
Loans from associated companies	-	-	-	(96,010)	(96,010)
Bonds and converting loans	-	-	-	(2,125)	(2,125)
Trade payables and other payable	-	-	-	(366,310)	(366,310)
Payables due to banks	-	-	-	(18,698)	(18,698)
Total financial payables	**-**	**-**	**(2,564)**	**(591,522)**	**(594,086)**

Note that the amounts shown under the “derivatives” item include all derivatives recognised using hedge accounting rules regardless of the nature of risk hedged against, and any derivatives for which the Group did not make use of the right to use hedge accounting and derivatives recognised at fair value through profit and loss.
The analysis below shows the portion of derivatives designated as hedges against the specific risk analysed, on a case-by-case basis.
Analysing liquidity risk, only derivatives which hedge against financial liabilities are included, excluding positions which hedge against commodity risk.

After summarising the criteria and financial models used to estimate the fair value of the financial instruments shown above, further details will be provided about the individual financial items.

Derivatives

In general, the fair value of derivatives is determined based on market prices, if available. If this reference is not available/accessible, fair value estimates are made on the basis of standard financial algorithms.
In particular, the fair value of forward exchange rate and commodity derivatives is calculated by discounting the difference between the contractual price and the end price, redetermined on the basis of market conditions on the reporting date.
For interest rate derivatives, when recognised, different models are used based on the type of instrument being evaluated. In particular:

- for interest rate swaps, the discount cash flow model is used. Fair value is determined by discounting estimated future cash flows on the basis of interest rate conditions at the reporting date;
- the Black & Scholes model is used for collars. Use of this model is common practice and makes it possible to assess the fair value of the option, quantifying the probability of receiving a positive payoff.

In some cases, the Group used appropriately verified and confirmed counterparties to determine the fair value of valuation interest rate derivative positions.
For commodity derivatives, the discount cash flow model is used, estimating future cash flows on the basis of market prices available at the reporting date.

Fair value hierarchy according to IFRS 13

Financial instruments at fair value according to IFRS 13, measured based on the quality of the input sources used in the valuation, are classified according to the hierarchy below:

- Level 1: fair value measurement based on unadjusted quoted prices in active markets for identical assets or liabilities. The category includes all instruments used by the Group to operate directly in active markets (e.g. futures);
- Level 2: fair value measurement based on inputs other than those included in "Level 1" that are directly or indirectly observable futures markets);
- Level 3: fair value measurement based on assessment models that do not use inputs based on observable markets (unobservable inputs).

€/000	31 Dec 2023		31 Dec 2024	
	Book value	Fair value	Book value	Fair value
Financial assets				
Current financial assets	9,175	9,175	3,536	3,536
Current assets	1,672	1,672	1,707	1,707
Non-current assets	0	0	0	0
	10,847	**10,847**	**5,243**	**5,243**
Financial liabilities				
Current financial liabilities	0	0	0	0
Current liabilities	(2,564)	(2,564)	(5,434)	(5,434)
Non-current liabilities	0	0	0	0
	(2,564)	**(2,564)**	**(5,434)**	**(5,434)**

€/000	31 Dec 2024		
	Level 1	Level 2	Level 3
Financial assets			
- management of interest rate risk	0	3,536	0
- management of exchange rate risk	0	0	0
- management of commodity risk	115	1,591	0
	115	**5,128**	**0**
Financial liabilities			
- management of interest rate risk	0	0	0
- management of exchange rate risk	0	0	0
- management of commodity risk	(3,873)	(1,561)	0
	(3,873)	**(1,561)**	**0**

€/000	31 Dec 2023		
	Level 1	Level 2	Level 3
Financial assets			
- management of interest rate risk	0	9,175	0
- management of exchange rate risk	0	0	0
- management of commodity risk	258	1,414	0
	258	**10,588**	**0**
Financial liabilities			
- management of interest rate risk	0	0	0
- management of exchange rate risk	0	0	0
- management of commodity risk	(1,314)	(1,250)	0
	(1,314)	**(1,250)**	**0**

Details on financial risk hedging instruments

As part of its financial risk management processes the Group stipulates derivative contracts. Although these derivatives are traded solely for hedging purposes, not all transactions are subject to hedge accounting rules.

Details on market risk hedging instruments

Among commodity exposures, price risk deriving from volatility in electricity, has and emission rights purchase prices was partially managed through the establishment of commodity swaps and futures, recognised based on hedge accounting rules, and in part through setting prices with counterparties.
As shown in the table “financial instruments”, the fair value of derivatives generated financial assets of € 5.2 million (€ 9.4 million the previous year) and financial liabilities for € 5.4 million (€ 2.6 million the previous year).

Investments in equity instruments

The fair value of equity instruments held to maturity and financial assets at FVTOCI held for sale is determined on the basis of official stock market listings obtained on the reporting date.

Debt securities

The value of debt securities is calculated by adding together the current values, determined on the reporting date, of all future cash flows, including capital and interest. To quantify the portion of interest held in indexed instruments, the rate curve available at the reporting date was used.

Capital management

No risks nor significant information was identified relative to capital management.

Financial assets

The tables below provide a breakdown of financial assets.

Non-current financial assets €/000	**31 Dec 2023**	**31 Dec 2024**
Loans and receivables	18,891	17,661
	18,891	**17,661**

Current financial assets €/000	**31 Dec 2023**	**31 Dec 2024**
Loans and receivables	262,584	251,027
Cash and cash equivalents	272,404	268,852
Current derivative assets	203	1,707
Current derivative financial assets	9,175	3,536
	544,367	**525,122**

Receivables and loans include trade receivables, factoring business, temporary cash deposits, guarantee deposits and other receivables and receivables due from social security institutions and tax authorities.

Financial liabilities

The table below provides a breakdown of financial liabilities.

Non-current financial liabilities €/000	**31 Dec 2023**	**31 Dec 2024**
Lending from banks	(85,810)	(31,843)
Loans from associated companies	(83,749)	(14,348)
Non-current bonds	(425)	-
Right of use liabilities	(5,664)	(6,863)
Other payables	(476)	(579)
	(176,125)	**(53,632)**

Current financial liabilities €/000	**31 Dec 2023**	**31 Dec 2024**
Lending from banks	(14,341)	(54,532)
Loans from associated companies	(12,261)	(70,745)
Bonds	(1,700)	(425)
Derivatives	(2,564)	(5,434)
Right of use liabilities	(2,563)	(2,514)
Payables due to banks	(16,726)	(25,930)
Trade payables and other payables	(367,806)	(342,606)
	(417,961)	**(502,187)**

Other additional information

The Group did not carry out any reclassification of financial assets, changing the measurement criteria relative to the same. Therefore, no remeasurement was done. Additionally, no assets were transferred that did not involve elimination from the accounts.

Impact of financial instruments on the annual income statement

To highlight the impact financial instruments have on the result for the year, the following tables are provided.

Financial income and expenses recognised in the consolidated income statement €/000	**31 Dec 2023**	**31 Dec 2024**
Income from securities in fixed assets, not equity investments	2,865	3,387
Interest income from current account	2,691	6,837
Financial income from derivative valuation	705	-
Income from customers	24	37
Exchange gains	966	712
Other income	392	705
	7,644	**11,678**
Interest expenses from current account	(31)	(38)
Interest expenses on mortgages	(6,579)	(6,733)
Charges due to suppliers	(0)	(0)
Factoring commissions	(2,315)	(2,964)
Financial expenses from measurement of derivatives	-	(446)
Exchange losses	(579)	(310)
Other expenses	(2,857)	(2,068)
	(12,361)	**(12,558)**
Net income (expenses) from discounting	(791)	(559)
	(5,508)	**(1,439)**

Income components recognised to Shareholders' Equity €/000	**31 Dec 2023**	**31 Dec 2024**
Change in cash flow hedge reserve	(3,354)	(997)
	(3,354)	**(997)**

Note that the change in the Cash Flow Hedge reserve is shown net of deferred taxes accruing during the year.

Credit Risk

This section describes credit risk exposures and methods used to manage them in qualitative and quantitative terms.

Risk exposure

As of the reporting date, the Group's exposure to credit risk was as follows:

Exposure to credit risk €/000	**31 Dec 2023**	**31 Dec 2024**
Trade receivables and other receivables	281,475	268,688
Cash and cash equivalents	272,404	268,852
	553,879	**537,540**

Trade receivables and impairment of receivables

Positions are subject to individual impairment when an objective situation of partial or full non-collectability is determined, if individually significant. Relative to receivables not subject to individual impairment, provisions are allocated on a collective basis, taking historical experience and statistical data into account.
Changes in the provision for impairment of trade receivables are summarised in the table below.

Provision for impairment of financial assets €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Balance at start of period	(56,470)	(50,259)	6,211
Uses	7,294	4,244	(3,051)
Provisions	(1,083)	(1,090)	(7)
	(50,259)	**(47,104)**	**3,154**

Concentration of credit risk

As of the reporting date, the Group's exposure to credit risk was as follows::

Breakdown of risk by customer type €/000	**31 Dec 2023**	**31 Dec 2024**
End consumers	111,476	94,142
Retailers	1,587	-
Stock exchange	5,331	8,518
Wholesalers	23,001	26,487
Printers	43,834	35,605
Publishers	1,792	3,067
Other group companies	5,877	13,636
Credit institutions	274,767	271,490
Tax authorities	17,362	11,577
Others	77,302	81,467
	562,328	**545,989**

Credit risk management methods

Trade receivables and other receivables

Within the context of its normal credit management activities through the dedicated department, the Group has instituted an internal credit risk management process with the aim of defining every customer's creditworthiness and carefully monitoring credit limits and overdue items. Regarding measurement of creditworthiness, functional to assignment of credit and the creation of commercial relationships, internal procedures require the collection and analysis of qualitative and quantitative information. Customer credit levels are periodically reviewed using a process that also makes use of historic solvency information. Customers are classified based on a two-level scoring system, that differentiates between reliable and non-reliable customers. At-risk customers are subject to strict controls and any future orders are only fulfilled after approval by the Credit Committee. Risk control is based on constant analysis of customers with overdue items or who have exceeded their credit limits, monitored daily for application of corrective actions, which range from blocking orders to legal action. In 2024, the Group protected itself from credit risk from customers by stipulating credit insurance contracts with leading insurance companies.

Financial investments

The Group limits its exposure to credit risk by exclusively investing in securities with high liquidity and only with counterparties recognised as reliable by the market. As at 31 December 2024 the Group had no security exposures. Financial assets include time deposit investments made with Italian banks known to be reliable.

Guarantees

Group policies allow for the issuing of financial guarantees for associated companies.

Market Risk

Market risk is defined as the possibility that the fair value or cash flows associated with a given financial instrument fluctuate because of changes in market variables, such as exchange rates, interest rates, raw materials prices or stock market prices.
The market risk to which the Group was exposed during the year just ended can be classified as follows:

- Exchange risk;
- Interest rate risk;
- Commodity risk.

Below is an analysis of the significance of these risks and the methods used to manage them.

Exchange risk

The Group holds some of its trade receivables/payables in currencies other than the euro. The exchange risk management policy establishes that derivatives should only be used to hedge against risk. Derivatives existing at 31 December 2024 used to manage exchange risk include only futures contract to purchase/sell foreign currencies. Even if these serve hedging purposes, these derivatives are not recognised using hedge accounting, as the rigidity of this treatment would negative impact the operational efficiency of the hedges.
The foreign currencies used by the Group are AUD, JPY, NOK, DDK, SEK, CHF, GBP and USD, with the latter two currencies representing almost the entirety of trade items in foreign currencies.

Sensitivity analysis relative to exchange risk

To measure the possible effects of changes in the exchange rate obtained at the reporting date on the consolidated statement of financial position and annual income statement, a variation in the value of the euro with respect to the reference foreign currencies at 31 December 2024 was hypothesised.
Specifically, a 10% upward and downward shock in the Euro exchange rate was applied, recognising the additional profit or loss with respect to the market scenario to risky items, which in this case were represented by trade payables and receivables and exchange rate derivatives.

Since the exchange rate derivatives are not recognised using hedge accounting, the impact of these transactions - similar to trade payables/receivables - is seen solely in the profit or loss for the year and hence in the annual income statement.
The net impact on the result from the year deriving from a +/- 10% shock would have been € +2,070 thousand (€ +1,406 thousand in 2023) and € -2,529 thousand (€ -1,719 thousand in 2023), respectively.

Exchange risk management methods

In relation to sales activities, the Group makes purchases and sales other currencies, at present mainly in USD and GBP. Therefore, hedging policies are mainly focused on stipulating futures contracts against the euro.
Additionally, other currencies are periodically monitored, which may be used in invoices on a continuous or occasional basis.

General aspects

Hedges are carried out on the basis of estimates of future financial flows in currencies on the basis of invoices payable and receivable and taking budget and/or forecasts into account.

Exchange risk management policies

The special nature of the Group's business allows it to make forecasts relative to financial issues relative to flows in foreign currencies.
Estimates of flows must meet all the formal requirements relative to amount, currency, date of manifestation and status relative to the probability of manifestation, necessary when producing exposure measurements.
Exchange risk hedging transactions are carried out in compliance with cash flow hedge principles, which amount to neutralising the effects induced by changes in the exchange rate on the value in euro of cash flows denominated in foreign currencies.
Hedging policies are managed exclusively using forward contracts and options relative to exchange rates, to guarantee more flexible coverage with respect to forward contracts. Currently, exposure to exchange rate derivatives falls within the forward category.

Interest rate risk

Financial liabilities which expose the Group to interest rate risk are medium/long-term variable rate loans.
With regard to assets, items exposed to interest rate risk consist of a shareholders' loan to a company in which an equity investment is held, classified among equity investments in other companies.
These assets are classified as "held to maturity" and do not generate effects on the annual income statement/consolidated statement of financial position if not due to effects of cash flows received (financial income) or any lasting losses of value which make recognition of impairment necessary.
The table below identifies positions subject to interest rate risk.

Positions with interest rate risk €/000	**31 Dec 2023**	**31 Dec 2024**
Fixed rate financial instruments		
Fixed rate loans	(20,660)	(15,635)
	(20,660)	**(15,635)**
Variable rate financial instruments		
Financial assets		
Non-current security deposits	10,524	11,283
Financial instruments with positive FV	9,378	5,243
Loans to others	8,279	6,289
Financial liabilities		
Derivatives with negative FV	(2,564)	(5,434)
Variable rate loans	(184,616)	(162,378)
Current account advances	(18,698)	(27,555)
Right of use liabilities	(1,235)	(706)
	(178,932)	**(173,258)**
	(199,592)	**(188,893)**

Sensitivity analysis relative to interest risk

Analysis was done to determine the impacts of a +/- 100 basis point shift in the estimated interest rate curve at 31 December 2024 on the annual income statement and statement of financial position.
Analysis was done supposing that the other variables, in particular exchange rates, remained constant and was done using the same suppositions as in the previous year.
As at 31 December 2024 the Group held interest rate swap derivatives.
As at 31 December 2024, hedging instruments had a notional value of € 149,090 thousand and provided almost full coverage of the medium- and long-term payables that form most of the Group's debt. As a result, the effect on the result for the year of variable-rate indexed assets and liabilities is not significant.

Interest risk management methods

General aspects

In the context of its own economic production, which is capital intensive, the Group makes investments for production purposes by taking out loans. In this context, it carries out cash flow hedge transactions, which serve to neutralise the effects of an increase in the rates on the cost the Group must pay to service its debts. The general objectives of a hedging operation therefore can be summarised as transforming the cost of a variable rate debt to the cost of a fixed rate debt, or to reduce the extent to which it is variable.

Interest risk management policies

Medium/long-term hedges are organised based on projections over a multi-year period prepared on the basis of economic and financial budgets, cash flow projections and net financial position. The amount hedged may vary between 0% to 100% of the notional value of the instrument hedged and be structured for a period of time that in general ranges from a minimum of 3 years to a maximum of 6 years (up to the current maturity of the loans).

Commodity risk

Commodity price risk arises for purchases/sales of gas and purchases/sales of electricity and rights to emit carbon dioxide.

Gas and electricity price risk

In order to supply its various plants with the electricity necessary for production, the Group has various contracts to purchase gas. Given the variable nature of the price of the commodity, the Group suffers risk deriving from fluctuations in the supply prices which it can partially protect itself from by setting prices with counterparties. Group energy costs are optimised through the subsidiary Burgo Energia.

As at 31 December 2024, the Group had gas purchases with the following characteristics:

- Fixed price purchases;
- Variable price purchases on the basis of the spot gas price recorded on the Italian PSV market;
- Variable price purchases on the basis of the spot gas price recorded on the European TTF market;
- Hedging derivatives on gas price risk.

In order to supply its various plants with the electricity necessary for production, the Group has a contract to purchase electricity through its subsidiary Burgo Energia S.r.l. Given the variable nature of the price of electricity, the Group is exposed to risk deriving from fluctuations in the supply prices which it can partially protect itself from by using derivatives and by setting prices with counterparties. As at 31 December 2024, the Group had no fixed price electricity sales.

Within commodity exposures, price risk deriving from an imbalance between indexed purchases and sales is partly managed through the subscription of a commodity swap. Derivative financial instruments on commodities outstanding at the end of the year were almost entirely accounted for using hedge accounting, in accordance with IFRS 9.

Carbon dioxide emission rights price risk

To supply its various plants with the rights to issue carbon dioxide, needed to comply with the obligations deriving from the ETS scheme, the Group has signed purchase contracts with the subsidiary Burgo Energia S.r.l. Given the variable nature of the price of the commodity, the Group suffers risk deriving from fluctuations in the supply prices which it can partially protect itself from by using derivatives and by setting prices with counterparties. Derivative financial instruments on commodities outstanding at the end of the year were accounted for using hedge accounting, in accordance with IFRS 9.

Sensitivity analysis relative to commodity risk

In order to measure the possible effects of changes in the value of carbon dioxide emission rights, in the statement of financial position and annual income statement, a +/-10% change in the value of EUA prices was hypothesised at 31 December 2024. The impact on the annual income statement deriving from this type of shock would be € -0.5 million (€ -0.4 million in the previous year) and € +0.5 million (€ +0.4 million in the previous year). Sensitivity analysis is not done for gas and electricity price risk, because all the assets and liabilities associated with these are recognised at a fixed price.

Commodity risk management methods

General aspects

The Group's strategic objective is to stabilise profit margins in terms of reducing risks associated with volatility in electricity purchase/sales prices and purchase prices of materials used in production processes, to minimise exposure to the correlated risk and losses. With an eye to continuously reducing loss risks, the Group has the simultaneous objective of minimising costs associated with obtaining its production factors. When negotiating financial contracts for raw materials, the Group does not have the ability to take risk positions on the commodities market. These contracts will have the sole purpose of reducing the risk of an increase in the purchase prices of the production factors used in production processes.
Relative to risk monitoring, the Group applies a quantitative measure for risks, both with reference to analysing physical portfolio exposures to VaR analysis of trading activities, and when measuring the efficacy of derivatives negotiated for hedging purposes.

Commodity risk management policies

Management of risks associated with oscillations in commodities prices involves several administrative departments, at the individual Group company level.
In determining its hedging strategy and with reference to the various types of supply contracts, the Group implements mitigation strategies with the objective of stabilising its profit margin.
With reference to the procedures used to estimate exposure to risks associated with commodities, the following elements are considered:

- nominal quantities, that it is the quantity recognised within physical and financial contracts;
- fair value/stop loss, that is the amount calculated on the basis of the current value of future financial flows generated by the contract as a function of price indexing rules. Stop loss identifies the largest sustainable loss in terms of fair value. In addition to this threshold, the position must also be closed with a symmetrical contract in the opposite direction;
- the change in the value of the position following a marginal variation in the price of energy (only for variable price contracts);
- the change in the value of the position following a marginal variation in the price of the fuels (only for indexed price contracts).

Liquidity Risk

Liquidity risk is the risk that the Group will have difficulty complying with its future obligations relative to financial liabilities.
Risk analysis is done with the aim of quantifying cash flows deriving from the various types of financial liabilities held by the Group at 31 December 2024, at each contractual repayment date.
Financial liabilities have been broken down into non-derivative financial liabilities and derivative financial liabilities, based on their nature. For the latter, given the difference in accounting treatment, it was necessary to carry out a further classification based on whether the derivative is classified as a hedging instrument according on the accounting standards.
Relative to cash flow maturities, given the nature of the Group's monetary cycle it was held expedient to group payments into half-yearly payment buckets.
To quantify cash flows on liabilities index at variable rates, the measurement method based on forward interest rates implicit in the market rate curve was used.

For derivatives, the following approach was used:

- Collar: cash flows were estimated on the basis of the non-discounted fair value of individual caplets/floorlets.

Below is a summary of analysis done on derivative financial liabilities and non-derivative financial liabilities, at 31 December 2024.

31 Dec 2024 €/000	**Book value**	6 months or less	7-12 months	2-3 years	4- 5 anni	Over 5 years
Non-derivative financial liabilities:						
Loans	171,468	19,461	105,816	33,226	6,485	6,479
Bonds	425	425	-	-	-	-
Trade payables and other payable	341,560	341,560	-	-	-	-
Right of use liabilities	9,377	1,319	1,194	3,978	1,910	976
Derivative financial liabilities:						
Derivatives	5,434	2,717	2,717	-	-	-
Currency futures contracts	-	-	-	-	-	-
	528,265	**365,483**	**109,727**	**37,204**	**8,395**	**7,455**

Liquidity risk management methods

General aspects

The Group's approach to liquidity management is aimed at guaranteeing, as much as possible, that there are always sufficient funds available to comply with obligations when maturity dates are reached.

Liquidity risk management policies

The Group performs liquidity analysis as a function of budget forecasts, determining short, medium and long-term cash flows. Estimates are periodically reviewed to ensure there is adequate on demand cash and cash equivalents to cover operating expenses forecast for the short term (around 3 months).
To meet short-term financial needs as at 31 December 2024, short-term credit lines were available, totalling € 238.1 million, of which € 201.4 million in Italy and € 36.7 million in Belgium available to Burgo Ardennes.
For its long-term financial needs, the Group's loans and bonds recorded on the statement of financial position, both for the short-term and long-term portion, totalled a nominal value of € 173.5 million, valued according to the “amortized cost” criterion. Burgo Group S.p.A. also has access to a Revolving line totalling € 100 million that was unused as at 31 December 2024.

Report of the independent auditing firm

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Burgo Group S.p.A.

Consolidated financial statements as at December 31, 2024

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010

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EY S.p.A.
Via Isonzo, 11
37128 Verona

Tel: +39 045 8312511
Fax: +39 045 8312550
ey.com

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010

To the Shareholders of
Burgo Group S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Burgo Group (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated Shareholders' Equity and the consolidated cash flows statement for the year then ended, and explanatory notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated Financial Statements* section of our report.
We are independent of the Group in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of 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, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the parent company Burgo Group S.p.A. or to cease operations, or have no realistic alternative but to do so.

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The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and 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 have 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 have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of 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 financial statements or, if such disclosures are inadequate, to consider this matter in forming 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 have 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 have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have 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 identify during our audit.

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Report on compliance with other legal and regulatory requirements

Opinion and statement pursuant to article 14, paragraph 2, subparagraph e), e-bis) and e-ter) of Legislative Decree n. 39 dated 27 January 2010

The Directors of Burgo Group S.p.A. are responsible for the preparation of the Report on Operations of the Group as at December 31, 2024, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to:

- express an opinion on the consistency of the Report on Operations, with the consolidated financial statements;
- express an opinion on the compliance of the Report on Operations with the applicable laws and regulations;
- issue a statement on any material misstatements in the Report on Operations.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of Burgo Group as at December 31, 2024.

Furthermore, in our opinion, the Report on Operations complies with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e-ter), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Verona, April 11, 2025

EY S.p.A.
Signed by: Daniele Tosi, Auditor

This report has been translated into the English language solely for the convenience of international readers.

Burgo Group separate financial statements

at 31.12.2024

Statement of financial position

Statement of financial position: Assets €	Note	31 Dec 2023	31 Dec 2024	Change
Non-current assets		**640,693,808**	**638,422,825**	**(2,270,983)**
Property, plant and equipment		**152,813,682**	**156,161,552**	**3,347,870**
Property, plant and equipment	1	151,216,430	152,543,336	1,326,906
Property investments	1	138,807	133,932	(4,875)
Right of use assets	1	1,458,445	3,484,284	2,025,839
Intangible assets		**1,945,297**	**1,563,664**	**(381,634)**
Intangible assets with defined life	2	1,945,297	1,563,664	(381,634)
Other non-current assets		**461,545,703**	**462,590,407**	**1,044,704**
Equity investments in subsidiaries	3	434,430,944	434,430,944	-
Equity investments in associates	3	16,483	16,483	-
Equity investments in other companies	3	7,174,090	9,052,424	1,878,334
Financial receivables and other non-current financial assets	3	9,749,531	8,152,170	(1,597,361)
Other receivables and non-current assets	3	10,174,655	10,938,386	763,731
Deferred tax assets		**24,389,126**	**18,107,203**	**(6,281,924)**
Deferred tax assets	4	24,389,126	18,107,203	(6,281,924)
Current assets		**474,840,525**	**453,261,489**	**(21,579,036)**
Warehouse inventories	5	57,936,472	64,880,481	6,944,009
Trade receivables	6	118,533,622	93,079,818	(25,453,804)
Other receivables and current assets	7	25,496,904	18,139,011	(7,357,894)
Financial receivables and other current financial assets	8	29,164,812	25,938,585	(3,226,227)
Cash on hand and other cash equivalents	9	243,708,714	251,223,594	7,514,879
Total assets		**1,115,534,333**	**1,091,684,314**	**(23,850,020)**

Statement of financial position: Liabilities €	Note	31 Dec 2023	31 Dec 2024	Change
Shareholders' equity		**569,605,227**	**618,233,885**	**48,628,658**
Share capital	10	90,000,000	90,000,000	-
Reserves	10	264,701,304	242,697,907	(22,003,396)
Accumulated profits (losses)	10	147,275,472	212,118,857	64,843,385
Profit (loss) for the year	10	67,628,451	73,417,121	5,788,670
Shareholders' equity attributable to non-controlling interests	10	-	-	-
Non-current liabilities		**192,980,666**	**61,423,537**	**(131,557,129)**
Non-current financial liabilities	11	150,842,746	32,903,783	(117,938,963)
Severance indemnities and other provisions related to personnel	12	7,702,521	6,906,914	(795,608)
Provisions for risks and charges	13	34,435,398	21,612,840	(12,822,558)
Current liabilities		**352,948,440**	**412,026,891**	**59,078,451**
Current financial liabilities	14	104,869,308	225,608,875	120,739,567
Trade payables	15	220,576,369	158,767,064	(61,809,305)
Payables for current taxes	16	2,129,421	2,608,495	479,074
Other payables and current liabilities	17	25,373,343	25,042,458	(330,885)
Total shareholders' equity and liabilities		**1,115,534,333**	**1,091,684,314**	**(23,850,020)**

Annual Income Statement

Income statement for the year €	Note	31 Dec 2023	31 Dec 2024	% change
Revenues	19	869,476,185	803,964,150	-7.5%
Other income	20	22,119,701	23,085,030	
Total operating revenues and income		**891,595,886**	**827,049,180**	**-7.2%**
Costs for materials and external services	21	(714,964,264)	(724,114,356)	
Personnel expenses	22	(60,351,179)	(58,656,661)	
Other operating expenses	23	(20,467,300)	(12,518,448)	
Change in inventories	24	(56,051,000)	6,944,009	
Capitalised costs for internal work	25	528,318	338,233	
Depreciation and amortization	26	(19,070,851)	(19,246,159)	
Capital gains/(losses) on disposal of non-current assets	27	870,021	(176,573)	
Write-backs/write-downs of non-current assets	28	(3,028,196)	-	
Total operating expenses		**(872,534,451)**	**(807,429,954)**	**-7.5%**
Operating result		**19,061,435**	**19,619,226**	**2.9%**
Financial expenses	29	(10,283,232)	(11,156,079)	
Financial income	30	59,004,788	65,196,148	
Result before taxes		**67,782,992**	**73,659,295**	**8.7%**
Income taxes	31	(154,540)	(242,174)	
Profit/(loss) for the period		**67,628,451**	**73,417,121**	**8.6%**

Statement of Comprehensive Income

Statement of Comprehensive Income €	Note	31 Dec 2023	31 Dec 2024	% change
A - Profit (loss) for the period		**67,628,451**	**73,417,121**	**8.6%**
Other components of the Statement of Comprehensive Income:				
Other components of the Statement of ComprehensiveIncome to be subsequently reclassified in the annual Income statement:				
Net (loss) profit from cash flow hedge		(3,364,538)	(2,706,457)	
Income taxes		640,759	552,618	
		(2,723,779)	(2,153,839)	
Net (loss) profit from financial assets FVOCI		-	-	
B- Total other components of the Statement of Comprehensive Income to be subsequently reclassified in the annual Income statement net of taxes	**32**	**(2,723,779)**	**(2,153,839)**	
Other components of the Statement of Comprehensive Income not to be subsequently reclassified in the annual Income statement:				
(Losses) gains from discounting of defined benefit plans		102,151	158,400	
Income taxes		(24,516)	(38,016)	
		77,634	120,384	
C- Total Other components of the Statement of Comprehensive Income not to be subsequently reclassified in the annual Income statement net of taxes	**32**	**77,634**	**120,384**	
D - Total other components of the Statement of Comprehensive Income net of taxes (B + C)		**(2,646,144)**	**(2,033,455)**	
E - Total Comprehensive Income net of taxes (D +A)		**64,982,307**	**71,383,666**	**9.9%**

Statement of Changes in Shareholders' Equity

Changes in shareholders' equity €/000	Share capital	Legal reserve	Distributable reserve from share capital reduction	IAS reserve	Reserve for equity financial instruments	Non-distributable exchange gains reserve	Other reserves	Undistributed profits - Carried forward	Result for the year	**Total**
Balances at start of previous period	**90,000**	**16,797**	**138,797**	**6,199**	**165,992**	**-**	**238**	**47,831**	**119,316**	**585,170**
Destination of result - distribution of dividends	-	1,203	-	-	(64,438)	2,559	-	99,444	(119,316)	(80,547)
Net change profits (losses) directly recognised in shareholders' equity	-	-	-	(2,646)	-	-	-	-	-	(2,646)
Other changes in shareholders' equity	-	-	-	-	-	-	-	-	-	-
Exchange differences from translation of foreign financial statements	-	-	-	-	-	-	-	-	-	-
Profit/(loss) for the period	-	-	-	-	-	-	-	-	67,628	67,628
Balances at end of previous period	**90,000**	**18,000**	**138,797**	**3,553**	**101,554**	**2,559**	**238**	**147,275**	**67,628**	**569,605**
Destination of result - distribution of dividends	-	-	-	-	(18,204)	-	-	63,077	(67,628)	(22,755)
Net change profits (losses) directly recognised in shareholders' equity	-	-	-	(2,033)	-	-	-	-	-	(2,033)
Other changes in shareholders' equity	-	-	-	-	-	(1,766)	-	1,766	-	-
Exchange differences from translation of foreign financial statements	-	-	-	-	-	-	-	-	-	-
Profit/(loss) for the period	-	-	-	-	-	-	-	-	73,417	73,417
Balances at period end	**90,000**	**18,000**	**138,797**	**1,519**	**83,350**	**793**	**238**	**212,119**	**73,417**	**618,234**

For comments on the changes in shareholders' equity, please see note 10 "shareholders' equity".

Cash Flow Statement

Cash Flow Statement €/000	**31 Dec 2023**	**31 Dec 2024**
A - Net initial monetary availability	**69,296**	**178,681**
B- Monetary flow from operating activities		
Net profit (loss) deriving from operating activities	67,628	73,417
Amortization, depreciation, write-downs and write-backs	22,099	19,246
Write-downs and write-backs of financial assets	-	350
Capital (gains) losses on disposal of non-current assets	(870)	177
Capital (gains) losses on disposal of financial assets	(196)	-
Change in TFR and provisions for risks	(14,542)	(13,460)
Change in deferred tax assets and provision for deferred taxes	11,359	6,797
Profit (loss) for the period before changes in working capital	**85,478**	**86,527**
Change in inventories	56,051	(6,944)
Change in trade receivables	50,745	25,454
Change in trade payables	(35,743)	(61,809)
Change in other assets and liabilities	(790)	9,674
Change in net working capital	**70,263**	**(33,625)**
Assets held for sale and discontinued operations	**36,360**	**-**
Total B- Monetary flow from operating activities	**192,101**	**52,901**
C - Monetary flow from investing activities		
Investments in property, plant and equipment	(25,158)	(19,333)
Investments in intangible assets	(565)	(358)
Change in equity investments	206	(2,228)
Revenues from sales of fixed assets	3,610	497
Total C - Monetary flow from investing activities	**(21,907)**	**(21,423)**
D - Monetary flow from financing activities		
Change in non-current securities and financial receivables	(2,343)	1,597
Change in financial receivables and other current financial assets	47,279	(14)
Change in current and non-current other non-financial liabilities	2,425	1,877
New loans	332	216
Repayment of loans	(26,533)	(23,611)
Repayment right of use loans	(1,422)	(1,159)
Dividends distributed and/or resolved	(80,547)	(22,755)
Total D - Monetary flow from financing activities	**(60,809)**	**(43,849)**
E - Monetary flow for the period (B + C + D)	**109,385**	**(12,371)**
Net final monetary availability (A + E)	**178,681**	**166,309**
Additional information:		
Interest received during the period	4,978	9,447
Interest paid during the period	(11,104)	(10,736)
Taxes paid during the period	(4,593)	-
Dividends received during the period	52,614	55,726

For the structure of final net monetary availability, please see note 10 "Cash on hand and other cash equivalents", which provides a reconciliation statement regarding cash on hand and other cash equivalents.

Explanatory notes to the individual financial statements

General information

Burgo Group spa is an Italian company, registered with the Vicenza Business Registry (no.13051890153), with its registered offices in Altavilla Vicentina (prov. Vicenza), in via Piave 1.
These draft financial statements were approved by the Board of Directors on 27 March 2025.

Accounting standards and measurement criteria

The Company's financial statements at 31 December 2024 were prepared in compliance with the IAS/IFRS accounting standards for preparing individual financial statements at 31 December 2023, considering the amendments and new standards which took effect as of 01 January 2024, listed below.

IFRS accounting standards, amendments and interpretations applied as of 01 January 2024

For the preparation of these Financial Statements, the Company has adopted for the first time certain accounting standards and amendments effective for financial years beginning on or after 01 January 2024, a list of which is provided below, noting that these changes have not affected the financial position and income statement amounts shown:

- *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1;*
- *Lease Liability in a Sale and Leaseback – Amendments to IFRS 16;*
- *Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.*

There are no other new standards, amendments or interpretations that are effective as of the reference date of these Financial Statements and which are likely to have a significant impact on the Company.

Below we examine in detail the criteria adopted for the following items:

Property, plant and equipment

A cost sustained to acquire a property, plant, machinery or part of the same is recognised as an asset on the condition that the cost of the asset can be reliably determined and the Company can make use of the relative future economic benefits.

Property, plant and equipment

Assets recognised among property, plant and equipment are recognised at the purchase cost, including any directly attributable accessory costs, necessary to render the asset functional to the use for which it was acquired, and net of any relative depreciation accumulated and impairment losses.
Expenses sustained subsequently are added to the cost to the extent in which these expenses are able to improve the originally determined performance of the asset.
Assets recognised among property, plant and equipment through business combinations are measured at their fair value upon initial recognition, as determined at the time they were acquired. Subsequently, they are measured using the historic cost method.
Assets recognised among property, plant and equipment, except for land, depreciate at constant rates throughout the course of the useful life of the asset, understood to be the estimated period during which the asset will be used by the company, starting from the moment the asset becomes available for use. The value to be depreciated is represented by the carrying value of the asset net of any impairment and reduced by the presumable realisable value at the end of the useful life, if this is significant and can be reasonably determined.
If the asset is composed of several significant components with different useful lives, depreciation is carried out for each component, following the component approach established in IAS 16.
Spare parts of significant value relative to plant and machinery are capitalised and depreciated on the basis of the useful life of the asset to which they refer, in accordance with the indications found in IAS 16.
The book value of property, plant and equipment is subject to verification to identify any losses in value when events or changes indicate that the book value may not be recoverable.

For newly acquired assets, the following useful lives are applied:

Useful life of newly acquired assets	Useful life
Industrial buildings	30 years
General plants	15 years
Specific plants	20 years
Miscellaneous equipment	4 years
Office machines and machinery	8 years
Vehicles	5 years
Electronic machines	5 years

Useful life and realisable values are reviewed every year, and any changes are made prospectively. When necessary, they are applied prospectively and may involve an extension or reduction in the original amortization/depreciation period.
Land, whether free of construction or containing civil or industrial buildings, is recognised separately and not depreciated, given that it is an element with unlimited useful life. When an asset is disposed of or when no future economic benefit is expected, it is eliminated from the financial statements and any losses or profits are recognised in the annual income statement during the financial year in which it was eliminated.
Expenses for leasehold improvements such as expenses to remodel real estate that is not owned are capitalised in consideration of the fact that for the duration of the leasing contract the user company has control over the assets and can take advantage of their future economic benefits. Said costs are amortized over a period equal to the lesser of that representing the residual useful life of the fixed asset and the residual duration of the leasing contract.
Pursuant to IAS 23, the company capitalises financial expenses attributable to the purchase, construction or production of a capitalisable asset.

Property investments

The item includes land, buildings or parts of non-instrumental buildings, held in order to benefit from leasing fees, increases in value or both.
Property investments are measured at cost, net of any losses due to write-downs and depreciation accumulated.

Right of use assets

This item includes the accounting measurement of contracts to which IFRS 16 applies. This item recognises leasing contracts for assets over which the company holds control (right of use) over an asset. As discriminating factors to identify these, the following were used: the asset can be identified, there is a right to replacement of the asset, the right to obtain substantially all economic benefits deriving from use of the asset and, finally, the right to direct the use of the asset underlying the contract. The Standard establishes a single model for recognising and measuring lease contracts for the lessee, which involves recognition of the asset underlying the lease in the assets, whether operational or not, and a matching entry in the form of a financial payable.

The company has made use of the practical expedients and exemptions allowed in paragraphs:

v) 16.5(a) in relation to short term contracts, for all asset classes (exclusion of leases with a duration of less than 12 months at the time of first-time adoption from the scope of application);
vi) 16.5(b) in relation to contracts with a value of less than € 5,000;
vii) 16.15 in relation to the possibility of not separating non-lease components;
viii) the Portfolio approach was not adopted.

In particular, relative to lease contracts the company recognises:

c) a right of use equal to the value of the financial liability as of the date the contract takes effect.
d) a financial liability, equal to the current value of residual future payments as of the date the contract takes effect, discounted using an average rate for each contract.

Intangible assets

Intangible assets are non-monetary elements without physical substance, which can be identified and are controlled by the Company, intended to generate future economic benefits. Intangible assets can be recognised in the accounts when it is probable that use of the asset will generate future economic benefits and when the cost of the asset can be determined in a reliable manner.
Intangible assets acquired separately are initially recognised at cost, those acquired through business combinations are measured at fair value upon initial recognition. Expenses sustained after initial acquisition are added to the cost of the asset to the degree in which these expenses are able to generate future economic benefits.
After initial recognition, intangible assets are measured net of provisions for amortization and any accumulated losses of value.

Goodwill and other intangible assets with undefined life

An intangible asset is considered to have undefined life when, on the basis of analysis of the relevant factors, there is no foreseeable limit on the period of use during which it is expected the asset will generate net incoming financial flows for the company.
The company has identified goodwill as an intangible asset with undefined useful life, which represents the positive difference between the cost of a business combination and the equity interest held by the company in the current fair value of the assets, liabilities and potential liabilities acquired and identifiable on the purchase date.

Any negative difference (negative goodwill) is instead recognised in the annual income statement at the time of acquisition.
After initial recognition, goodwill is not amortized, but is decreased relative to any losses of value, determined in accordance with IAS 36 (impairment of assets).
Goodwill is annually subject to recoverability analysis. This may also occur more frequently if events or changes in circumstances occur which could lead to possible losses of value.
In the cases in which goodwill is assigned to a cash generating unit (or group of units) whose assets are partially dismissed, the goodwill associated with the transferred asset is considered in order to determine any capital gains or losses deriving from the transaction, and is measured on the basis of the values of the disposed of assets, with respect to the assets still held relative to the same CGU.

Intangible assets with defined life

These assets are recognised at acquisition or production cost, including all attributable incidental expenses, and are depreciated on a straight-line basis in relation to their usefulness over time, beginning when the asset becomes available for use.
Useful life is reviewed every year, and any changes are made prospectively, when necessary.
Plant and expansion costs, if recognised in the assets, as well as patent and usage rights for intellectual property are depreciated over a maximum period of five years.
Concession, license, trademark costs and those for similar rights are annually reduced as a function of the contractual duration and the limits of the presumable period of economic utilisation.

Impairment test

The value of intangible assets and property, plant and equipment is subject to recoverability checks every time it is held that a lasting loss of value has occurred.
Relative to goodwill, other intangible assets with undefined useful life and other assets not available for use, impairment tests are performed at least once a year.
The test is done by comparing the book value with the greater of the fair value and the value in use of the asset.
If no binding sales agreement or an active market for the asset is available, the fair value is determined on the basis of the best available information, in order to reflect the amount that the company could obtain, at the reporting date of the financial statements, if disposing of the asset in a free transaction between knowledgeable and willing parties, after deducting disposal costs.

The value in use of an asset is calculated by discounting expected cash flows from usage of the asset (both incoming and outgoing), basing financial flow projections on reasonable and sustainable suppositions, able to represent the best possible estimates by corporate management of a series of economic conditions that will exist throughout the remaining life of the asset, giving greater significance to information obtained externally.
The discount rate applied reflects current market evaluations of the time value of money and the specific risks of the asset.
Measurement is done for each individual or for the smallest combination of assets (cash generating units) that generate independent incoming cash flows deriving from their utilisation.
When the value determined with the impairment test is lower than the cost, the loss of value is recognised against the asset and among the costs in the annual income statement.
If in subsequent financial years the reasons behind recognising the impairment are determined to no longer exist following a new impairment test, the asset, with the exception of goodwill, is written back up to the new recoverable value, which in any case cannot exceed the value that would have existed if no loss in value had been recognised.
The writeback is recognised in the annual income statement, unless the asset is recognised at the written back value, in which case the writeback is recognised in the revaluation reserve.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset for an entity and a financial liability or an instrument representing capital for another entity.

Financial assets

Initial recognition and measurement

At the time of initial recognition, financial assets are classified, based on the case, on the basis of subsequent measurement methods, that is at amortized cost, at fair value through other comprehensive income or at fair value through profit and loss.
Classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows associated with the financial assets and the business model used by the Company to manage them. Except for trade receivables which do not contain a significant financing component or for which the company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus transaction costs, in the case of a financial recognised in the income statement not at fair value. Trade receivables which do not contain significant financing component or for which the company has applied the practical expedient are measured at the transaction price, determined according to IFRS 15.
For a financial asset to be classified and measured at amortized cost or at fair value through other comprehensive income, it must generate cash flows associated solely with payments of principal and interest (SPPI). Assessment of this aspect is known as the SPPI test and is performed at the individual instrument level.
The company's business model for managing financial assets refers to the way in which the company manages its financial assets in order to generate cash flows.
The business model determines whether the cash flows derive from collecting contractual cash flows, sales of financial assets or from both.
The purchase or sale of a financial asset which requires delivery with a period of time either through a standardised sale or through regular way trade is recognised on the negotiation date, that is the date on which the company undertook to purchase or sell the asset.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified into four categories:

- financial assets at amortized cost (debt instruments);
- financial assets at fair value through other comprehensive income with reclassification of cumulated profits and losses (debt instruments);
- financial assets at fair value through other comprehensive income without reversal of cumulated profits and losses at the time of elimination (equity instruments);
- financial assets at fair value through profit and loss.

Classification depends on the purpose for which the assets are acquired and held. The company determines classification of assets at initial recognition, verifying the category at each subsequent reporting date.

Financial assets at amortized cost (debt instruments)

The company measures financial assets at amortized cost if both of the following requirements are met:

- the financial asset is held under a business model with the objective of holding financial assets to collect contractual cash flows;
- the contractual terms of the financial asset establish cash flows at set dates representing solely payments of principal and interest.

Financial assets at amortized cost are subsequently measured using the criteria of effective interest and are subject to impairment. Profits and losses are recognised in the income statement when the asset is eliminated, amended or remeasured.

Financial assets at fair value through other comprehensive income (debt instruments)

The company measures debt instruments at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held under a business model which has the dual objectives of collecting contractual cash flows and sale of the financial assets;
- the contractual terms of the financial asset establish cash flows at set dates representing solely payments of principal and interest.

For assets involving debt instruments measured at fair value through other comprehensive income, interest receivable, variations due to exchange differences and impairment, together with write-backs, are recognised in the income statement and calculated in the same way as financial assets measured at amortized cost. Remaining changes in fair value are recognised in other comprehensive income. At the time of elimination, the cumulative change in fair value recognised in OCI is reclassified to the income statement.

Investments in equity instruments

At initial recognition, the company may irrevocably decide to classify its stock investments as equity instruments recognised at fair value through other comprehensive income when the satisfy the definition of equity instruments pursuant to IAS 32 "Financial instruments: Presentation" and are not held for trading. Classification is done for each individual instrument.
Profits and losses resulting from these financial assets are never reversed to the income statement. Dividends are recognised as other revenues in the income statement when the right to payment has been resolved, except when the company benefits from these amounts as recovery of part of the cost of the financial asset, in which case the profits are recognised under OCI. Equity instruments recognised at fair value through other comprehensive income are not subject to impairment testing.

Financial assets at fair value through profit and loss

This category includes assets held for trading, assets designated at initial recognition as financial assets at fair value with changes recognised in the income statement and financial assets necessarily measured at fair value. Assets held for trading are all assets acquired to be sold or repurchased over the short term. Derivatives, including separated ones, are classified as financial instruments held for trading, unless they are designated as effective hedging instruments. Financial assets with cash flows which do not pass the SPPI test are classified and measured at fair value through profit and loss, regardless of the business mode. Despite the criteria for debt instruments for classification at amortized cost or at fair value through other comprehensive income, as described above, debt instruments can be recognised at fair value through profit and loss at initial recognition if this involves the elimination or significant reduction of an accounting misalignment.

Derecognition

A financial asset (or, when applicable, part of a financial asset or part of a group of similar financial assets) is derecognised in the first place (e.g. removed from the company's statement of financial position) when:

- the rights to receive financial flows from the asset no longer exist, or
- the company has transferred the right to receive cash flows from the asset to a third party or has taken on the contractual obligation to pay them fully and promptly and (a) has substantially transferred all risks and benefits of ownership of the financial asset or (b) has not substantially transferred nor retained all the risks and benefits of the asset but has transferred control over the same.

In cases where the company has transferred the rights to receive cash flows from an asset or has signed an agreement based on which it maintains contractual rights to receive cash flows from the financial asset but has a contractual obligation to pay the cash flows to one or more beneficiaries (pass-through), it determines if and to what extent it has retained the risks and benefits inherent to ownership. If it has neither substantially transferred nor retained all the risks and benefits or has not lost control over the same, the asset continues to be recognised in the company's financial statements to the extent of its residual involvement with the asset in question. In this case, the company also recognises an associated liability. The asset transferred and the associated liability are measured to reflect the rights and obligations that continue to apply to the company.
When the entity's residual involvement is a guarantee for the transferred asset, involvement is measured on the basis of the lesser of the amount of the asset and the maximum amount of the fee received which the entity may have to repay.

Impairment of financial assets

The company recognises impairment due to expected credit loss (ECL) for all financial assets represented by debt instruments not held at fair value through profit and loss. ECLs are based on the difference between contractual cash flows due in compliance with the contract and all the cash flows the company expects to receive, discounted by an approximation of the original effective interest rate. Expected cash flows include cash flows deriving from enforcement of collateral held or other credit guarantees which are an integral part of the contractual conditions.

Expected losses are recognised in two phases. Relative to credit exposures for which no significant increase in credit risk has been seen following initial recognition, it is necessary to recognise credit losses deriving from an estimate of default events likely to occur within the subsequent 12 months (12-month ECL). For credit exposures that have seen a significant increase in credit risk after initial recognition, expected losses relative to the full residual duration of the exposure must be recognised, regardless of when the default event is expected to occur ("lifetime ECL").
For trade receivables and assets deriving from contracts, the company applies a simplified approach to calculate expected losses. Therefore, the company does not monitor changes in credit risk but recognises the expected loss in full at each reference date. The company has established a matrix system based on historic information, revised to consider forward looking elements with reference to specific types of debtors and the economic environment, used as tool to determine expected losses.
For assets represented by debt instruments measured at fair value through other comprehensive income, the company applies the simplified approach allowed for low credit risk assets. At each reporting date, the company evaluates whether a debt instrument has low credit risk, using available information.

Financial liabilities

Initial recognition and measurement

At initial recognition, financial liabilities are classified among financial liabilities measured at fair value through profit and loss, among mortgages and loans or among derivatives designated as hedging instruments.
All financial liabilities are initially recognised at fair value, to which is added in the cases of mortgages, loans and payables, the transaction costs directly attributable to the same.
The company's financial liabilities include trade payables and other payables, mortgages and loans, including current account overdrafts, guarantees granted and derivatives.

Subsequent measurement

Measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss with changes recognised in the income statement include liabilities held for trading and financial liabilities initially recognised at fair value with changes recognised in the income statement.
Liabilities held for trading are all those kept to be sold over the short term. This category also includes derivative financial instruments subscribed by the Company which are not designated as hedging instruments in a hedging relationship as defined under IFRS 9. Profit or loss associated with liabilities held for trading is recognised in the annual income statement.
Financial liabilities are designated at fair value with changes recognised in the income statement as of the initial recognition date only if the criteria in IFRS 9 are satisfied. At initial recognition, the company has not designated financial liabilities at fair value with changes recognised in the income statement.

Loans and receivables

This is the most significant category for the company. After initial recognition, loans are measured using the amortized cost criteria, using the effective interest rate method. Profits and losses are recognised in the income statement when the liability is extinguished, as well as through the amortization process.
The amortized cost is calculated by recognising the discount or premium on acquisition and fees or costs which are an integral part of the effective interest rate. Amortization at the effective interest rate is recognised among financial expenses in the income statement.

Financial guarantee liabilities

Financial guarantee liabilities issued by the company are contracts which require payment to reimburse the holder of a debt security against a loss suffered by them following the debtor not making payments at contractually established due dates. Financial guarantee contracts are initially recognised as liabilities at fair value, plus any transaction costs directly attributable to issuing of the guarantee. Subsequently, the liability is measured as the greater of the best estimate of the payment required to fulfil the guaranteed obligation as of the reporting date and the amount initially recognised, net of cumulative amortization.

Derecognition

A financial liability is derecognised when the obligation underlying the liability is repaid, cancelled or fulfilled. When an existing financial liability is replaced by another of by the same lender, under substantially different conditions, or the conditions for an existing liability are substantially changed, this exchange or change is recognised as the accounting derecognition of the original liability, followed by recognition of a new liability, with any differences between the book values recognised in the annual income statement.

Offsetting of financial instruments

An asset and a financial liability can be offset and the net balance recognised in the statement of financial position if there is a current legal right to offset the amounts recognised for accounting purpose and there is an intention to extinguish the residual net amount or to realise the asset and simultaneously extinguish the liability.

Derivatives

As of 01 January 2019, the company no longer makes use of the possibility to continue to make use of the provisions established in IAS 39 solely relative to hedge accounting, instead following the provisions contained in IFRS 9.
Derivatives are used with the sole purpose of hedging in order to reduce financial risks. They are measured at fair value starting on the date they are stipulated. When a hedging transaction begins, the company formally designates and documents the hedging relationship for which hedge accounting will be used, indicating its risk management objectives and the strategy pursued. This document involves identifying the hedging instrument, the element of the transaction being hedged, the nature of the risk and methods the Company intends to use to measure the efficacy of the hedge in compensating for variations in the fair value of the hedged element or financial flows associated with the hedged risk. Efficacy must be measured in a reliable manner. It is expected that these hedges are highly effective in compensating for the exposure of the hedged element to changes in the fair value of financial flows associated with the risk covered. Assessment of whether the hedges are effective is done continuously during the accounting periods in which they are designated as such.
Transactions which meet the criteria for hedge accounting are recognised as follows:

Fair value hedge

If a derivative is designated to hedge against exposure to variations in the fair value of an asset or liability attributable to a particular risk, profit or loss deriving from subsequent changes in the fair value of the hedging instrument is recognised in the annual income statement.
Profit or loss deriving from an adjustment in the fair value of the hedged item, relative to the portion attributable to the risk hedged against, changes the book value of this item and is recognised in the annual income statement.

Cash flow hedge

If a derivative is designated as an instrument hedging against exposure to changes in the financial flows of an asset or liability recognised in the financial statements or a transaction deemed highly probable, the effective portion of the profits or losses deriving from the fair value adjustment of the derivative is recognised in a specific shareholders' equity reserve and reclassified in the annual income statement when the effects of the transaction being hedged are recognised in the annual income statement. The profit or loss associated with this ineffective portion of the hedging is instead immediately recognised in the annual income statement. If a hedging instrument is closed by the transaction being hedged has not yet been realised, cumulative profits and losses remain in the shareholders' equity reserve and are reclassified in the annual income statement at the time the relative transaction is realised.
If the transaction being hedged is no longer deemed probable, profits or losses not yet realised and recognised in the shareholders' equity reserve are immediately recognised in the annual income statement.
If hedge accounting can no longer be applied, profits or losses deriving from the fair value measurement of the derivative are directly recognised in the annual income statement.

Inventories

Inventories of raw materials, products in progress and finished products are measured at the lesser of the cost, determined using the average weighted cost method, and the net realisable value presumable from market trends.
For raw materials, market value means replacement cost. For finished and semi-finished products, it means the amount the company expects to obtain from sales in normal business operations, net of estimated costs to complete the good and sales and distribution costs it will sustain.
Measurement of warehouse inventories include direct costs for materials and labour and indirect costs (variable and fixed).
Provisions for impairment of materials, finished products, spare parts and other obsolete or slow rotation stocks are calculated, taking into account future expected use and realisable value.
Products in progress relative to work orders are measured using the percentage of completion, recognising costs and revenues relative to said progress to the annual income statement.
Any losses from these contracts are recognised in the annual income statement in the full amount, at the time they become known.

Cash on hand and other cash equivalents

This item indicates cash and other cash equivalents and short-term highly tradable financial investments that can be readily turned into cash and are subject to irrelevant risks in terms of variations in their value. These financial items are recognised at their nominal value.
For the purposes of the Consolidated Statement of Cash Flows, cash and other cash equivalents are shown net of bank overdrafts as of the reporting date.

Assets held for sale

Non-current assets and groups of assets and liabilities for which the book value will mainly be recovered through sale, rather than through continuous use, are presented separately under other assets and liabilities in the consolidated statement of financial position.
These assets, classified within a specific item in the consolidated statement of financial position, are measured at the lower of the book value and the fair value minus foreseeable sales costs. Gains and losses, net of the relative tax effects, from non-current assets disposed of or held for sale are recognised in a specific item within the annual income statement.

Trade payables and miscellaneous payables

This item includes payables due to suppliers and other liabilities, with the exception of financial liabilities which are recognised separately. These liabilities are initially recognised at the fair value of the fee to be paid.
Subsequently, payables are measured using the amortized cost criteria, determined with the effective interest method.

Employee benefits

Benefits due after the termination of the employment relationship are divided into defined contribution plans and defined benefit plans.
In the case of defined contribution plans, the company is only legally or constructively obligated to contribute a specific amount. Consequently, the actuarial and investment risks fall to the employee.
For defined benefit plans, the company's obligation consists in granted and ensuring the agreed upon benefits for the employees: actuarial risk and investment risk fall to the company.
Until 31 December 2006, the severance indemnity was classifiable among defined benefit plans.
The regulations for this provision were amended by Italian Law 296 of 27 December 2006 ("2007 Financial Law"), and by subsequent Decrees and Regulations issued during the initial months of 2007. In the light of these changes, and in particular those with reference to companies with at least 50 employees, this practice is not to be considered a defined benefit plan solely for the portions accrued prior to 01 January 2007 (and not yet liquidated as of the reporting date). Portions accruing after this date can be classified as a defined contribution plan.
The company's obligation to finance defined benefit plans and the annual cost recognised in the annual income statement are determined by applying actuarial methodology, based on demographic hypotheses, in relation to mortality rates and turnover in the reference population and on financial hypotheses, in relation to the discount rate which reflects the value of money over time, the inflation rates, and future salary and wage levels.
The amount recognised as a liability for defined benefits indicates the current value of the obligation as of the reporting date, net of the current value of any existing program assets.

The amount recognised in the annual income statement consists of the following elements:

- social security costs relative to current work performed;
- interest expenses;
- expected returns from program assets, if existing.

The revision of IAS 19 referenced above required the company, as of the financial year beginning on 01 January 2013, to directly recognise actuarial profits and losses relative to defined benefit plans deriving from changes in the actuarial hypotheses used or changes in plan conditions in shareholders' equity and the Consolidated Statement of Comprehensive Income.
The amount of rights accrued by employees during the year is recognised under the item personnel expenses, while the financial component, which represents the charge that the company would face if it were to finance the amount of the severance indemnity (TFR) on the market, is recognised under financial income/expenses.

Provisions for risks and charges

The company allocates provisions for risks and charges when:

- there is a current obligation (legal or implied) relative to third parties and deriving from a past event;
- it is probable that the company will need to use resources to comply with the obligation;
- a reliable estimate of the amount of the obligation can be made.

Provisions are recognised at the value which represents the best estimate that the company would reasonably pay to fulfil the obligation (fair value) or to transfer it to third parties, on the reporting date.
Changes in estimates are shown in the annual income statement for the period in which the change occurred.
When financial effects associated with the time forecast of the payment is significant and the payment date for the obligations can be reliably estimated, the provision is discounted using a discount rate that reflects current assessments of the cost of money in relation to time. In this case, the amount recognised in the financial statements increases each year to reflect the passage of time and this increase is recognised in the annual income statement under the item "financial expenses".

Significant potential liabilities represented by the following are illustrated in the Notes:

- possible (but not probable) obligations, deriving from past events, the existence of which will only be confirmed if one or more future events occur, which are not fully under the control of the company;
- current obligations deriving from past events, for which the amount cannot be reliably estimated, or for which compliance may not involve any expenses.

Items in other currencies or subject to "exchange risk"

These are registered at the current exchange rate in effect on the date of the transaction. Monetary assets and liabilities in foreign currencies are converted using the exchange rate on the reporting date. Non-monetary items are kept at the conversion rate for the transaction, unless there is a persistent unfavourable trend in the exchange rate.
Both exchange differences generated from the repayment of items with different exchange rates relative to the conversion rate used at initial recognition, and those relative to the measurement of monetary items at the reporting date are recognised in the annual income statement.

Recognition of revenues and costs

Revenues are measured on the basis of the payment the company believes it is entitled to receive for the sale of its products or services.
Revenues from sales of products are recognised, net of discounts, rebates or returns, when control over the assets or services is transferred to the customer. Transfer of control occurs when the following conditions are met:

- the company does not have the possibility to make use of the goods or services, as this has been transferred to the customer;
- the significant risks and benefits associated with ownership of the goods has been transferred to the purchaser of the goods (generally upon shipment or delivery of the goods);
- the value of the revenues is reliably determined;
- the economic benefits deriving from the sale will be used by the Company;
- the costs sustained or to be sustained are reliably determined.

Revenues from services are recognised once the services are complete.
Revenues of a financial nature are recognised on an accrual basis.
Dividends are recognised when they are received, under the item "Income from equity investments".
Costs are recognised using criteria analogous to those used for the recognition of revenues, and in any case on an accrual basis.

Current, prepaid and deferred taxes

Income taxes are determined on the basis of estimated taxable income, with reference to the current tax regulations.
Forecast debt, net of any advances and withholdings, is recognised under the statement of financial position liabilities in the item "current tax payables".
Taxes relative to components recognised directly under shareholders' equity are recognised directly to shareholders' equity and not in the annual income statement.
Deferred tax assets and liabilities are calculated for all temporary differences between the book value attributed to assets and liabilities in the financial statements and the value attributed to the same assets and liabilities for tax purposes, unless the temporary differences derive from:

- initial recognition of goodwill;
- initial recognition of an asset or liability, in a transaction which
  - is not a business combination and
  - does not influence accounting results nor taxable income on the date of the transaction in question;
- equity investments in subsidiaries, affiliated companies and companies under joint control, when:
  - the company is able to control the schedule for cancelling temporary taxable differences;
  - it is probable that the temporary differences will not be cancelled for the foreseeable future.

Deferred tax assets are not recognised when it is not reasonably certain they will be recovered, in compliance with the principle of prudence.
Additionally, their value is reviewed at the end of each period and is reduced to the extent that it is no longer probable sufficient taxable profits will be available in the future to allow full or partial use of these assets.
Deferred tax assets and liabilities are defined on the basis of the tax rates which are expected to be applied in the year in which the assets will be realised, or the liabilities will be repaid, considering rates in effect or those substantially issued as of the reporting date.
Deferred tax assets and liabilities are classified among non-current assets and liabilities.

Estimates and assumptions

Application of certain accounting standards necessarily requires significant elements based on estimates and assumptions that are uncertain when formulated. For the 2020 financial statements, it is held that the assumptions made were appropriate and consequently, that the financial statements were prepared with the intent of clarity and to truly and accurately represent the equity and financial situation and the economic results for the year. Within the explanatory notes, information is provided in the relevant sections about the reasons underlying decisions made, measurements taken and estimate criteria adopted in applying the international accounting standards. In order to formulate reliable estimates and hypotheses, historic experience was used, as well as other factors deemed reasonable for the case in question, on the basis of the information available. Nonetheless, it cannot be excluded that changes in said estimates and assumptions could create significant effects on the equity and economic situation, as well as on the potential liabilities and assets reported within the financial statement disclosures, in the case that different elements of judgement arise with respect to those previously expressed. More specifically, greater use of subjective assessments on the part of company management was necessary in the following cases:

- determining impairment of goodwill, property, plant and equipment and equity investments;
- determining the fair value of financial assets and liabilities when the amounts could not be directly observed on active markets. In this case, the subjective elements are found in the selection of measurement models and input parameters that may not be observable on the market;
- quantifying provisions for risks and charges and provisions for employee benefits, due to the uncertainty of that required, survival times and actuarial hypotheses used;
- estimating the recoverability of prepaid tax assets.

The presentation of these cases is provided with the intention of allowing those reading the financial statements to better understand the main areas of uncertainty but is not in any case to suggest that alternative assumptions could be appropriate or more valid. Estimates and assumptions are periodically reviewed, and the effects of each change are shown in the annual income statement for the period in which the change occurred.

Statement of financial position

Non-current assets

1 | Property, plant and equipment

The assets indicated in the following breakdown are included in this item:

Property, plant and equipment €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Property, plant and equipment	151,216	152,543	1,327
Property investments	139	134	(5)
Right of use assets	1,458	3,484	2,026
	152,814	**156,162**	**3,348**

Property, plant and equipment

The table below shows changes occurring during the year:

Flows from property, plant and equipment €/000	Land and buildings	Plant and machinery	Industrial and sales equipment	Other assets	Fixed assets in progress	**Total**
Historic cost at start of period	**179,213**	**915,920**	**2,513**	**21,619**	**18,566**	**1,137,831**
Increases during period	313	11,495	63	760	6,702	19,333
Disposals during period	-	(9,080)	-	(326)	-	(9,405)
Other changes	96	10,842	15	323	(11,276)	-
Historic cost at period end	**179,622**	**929,178**	**2,592**	**22,376**	**13,992**	**1,147,759**
Provision for amortization/ depreciation at start of period	**135,533**	**828,239**	**2,403**	**20,441**	**-**	**986,615**
Amortization/depreciation during period	1,159	15,799	65	550	-	17,573
Uses during period	-	(8,660)	-	(312)	-	(8,972)
Provision for amortization/ depreciation at period end	**136,692**	**835,377**	**2,468**	**20,679**	**-**	**995,216**
Net book value at period end	**42,930**	**93,800**	**124**	**1,697**	**13,992**	**152,543**

The increase in the net book value of property, plant and equipment, for € 1,327 thousand, originated mainly from the following components:

- increases for € 19,333 thousand (€ 25,158 thousand in 2023) relative to: investments during the year for € 17,423 thousand (see the Report on Operations for more details); other increases for € 155 thousand relative to internal work; capitalisation of financial expenses for € 142 thousand, calculated using a 1.68% rate, in implementation of IAS 23; advances on extraordinary maintenance projects for € 1,430 thousand; and capitalisation of technology and innovation design hours for € 183 thousand;
- decreases for disposals, sales and write-downs for € 9,405 thousand (€ 27,534 thousand in 2023), of which the main item is € 4,277 thousand (of which the net residual value is zero) for the asset sale to Mondi as part of the disposal of the Duino site.

The change in the amortization provision of € 8,601 thousand (€ 4,589 thousand in 2023) can be broken down as follows:

- increases for depreciation during the year of € 17,573 thousand;
- decreases following the disposal of systems for € 8,972 thousand, as listed above;

At the end of the year, the residual life of the company's property, plant and equipment was reviewed, with any necessary changes made to the depreciation plan.
Fully depreciated assets still in use have a historic cost equal to € 534,068 thousand.
Pursuant to article 10 of Italian Law 72 of 19 March 1983, relative to revaluations, below is a breakdown of revaluation balances at 31/12/2024, equal to € 173,274 thousand and almost entirely depreciated.

Monetary revaluations pursuant to article 2427, no. 2, Italian Civil Code €/000	Law 576/75	Law 72/83	Law 413/91	Other	**Total**
Land and buildings	4,488	17,573	33,474	19,618	75,153
Plants and machinery	14,092	79,767		2,408	96,267
Industrial and sales equipment	89	266		83	438
Other assets	277	963		177	1,416
	18,946	**98,569**	**33,474**	**22,285**	**173,274**

Property investments

Flow of property investments €/000	Civil land	Civil buildings	**Total**
Historic cost at start of period	**67**	**162**	**230**
Increases during period	-	-	-
Disposals during period	-	-	-
Revaluations, impairment during period	-	-	-
Transfer	-	-	-
Other changes	-	-	-
Historic cost at period end	**67**	**162**	**230**
Provision for amortization/depreciation at start of period	**-**	**91**	**91**
Amortization/depreciation during period	-	5	5
Uses during period	-	-	-
Transfer	-	-	-
Other changes in the provision	-	-	-
Provision for amortization/depreciation at period end	**-**	**96**	**96**
Net book value at period end	**67**	**67**	**134**

During the year, changes in civil properties consisted of amortization totalling € 5 thousand.

Right of use assets

Right of use assets flow €/000	Commercial leases	Residential leases	Industrial leases	Vehicle leases	IT	Fixed assets in progress	Total
Historic cost at start of period	**376**	**744**	**2,532**	**578**	**1,274**	**258**	**5,762**
Increases during period	88	308	2,630	350	77	-	3,452
Disposals during period	-	-	(388)	(136)	(74)	-	(597)
Other changes	-	-	-	-	-	(258)	(258)
Historic cost at period end	**463**	**1,052**	**4,774**	**792**	**1,277**	**-**	**8,358**
Provision for amortization/ depreciation at start of period	**(213)**	**(547)**	**(2,068)**	**(458)**	**(1,017)**	**-**	**(4,303)**
Amortization/depreciation during period	(44)	(167)	(391)	(92)	(235)	-	(928)
Uses during period	-	-	248	54	55	-	357
Other changes	-	-	-	-	-	-	-
Provision for amortization/ depreciation at period end	**(257)**	**(714)**	**(2,210)**	**(496)**	**(1,197)**	**-**	**(4,874)**
Net book value at period end	**206**	**338**	**2,564**	**296**	**81**	**-**	**3,484**

In 2024 there was a significant increase due to new contracts for leased assets signed or entered into as part of the application of IFRS 16, amounting to € 3,452 thousand. The increases in the year mainly regard an increase in industrial leases amounting to € 2,630 thousand, of which € 2,100 thousand for the new steam turbine at Villorba, including the value of fixed assets in progress recorded in the previous year, for € 258 thousand. There were also increases for residential leases for € 308 thousand, vehicle leases for € 350 thousand, commercial leases for € 88 thousand, and IT equipment leases for € 77 thousand.
Depreciation/amortization during the year totalled € 928 thousand; disposals in the year came to € 597 thousand, against write-offs of the provision for € 357 thousand. During the year, plants that showed signs of impairment were subject to impairment testing. None of the impairment tests performed indicated a need to carry out write-downs.

For the purposes of the impairment test, the main assumptions, in line with current measurements of the cost of money, which take into account the specific risks of the CGUs, involve the risk-free rate of 3.50% (4.27% in 2023), the market risk premium unchanged on the previous year at 5.50% (increased, in 2024, from a minimum of 1.0% to a maximum of 3.5% to incorporate other risks for certain CGUs), the growth rate of 2.00%, the cost of debt before taxes of 1.93% (1.79% in 2023) and the ratio between equity and debt, respectively equal to 67.97% and 32.03% (respectively 83.97% and 16.03% the previous year) derived as the average value of a panel of comparable listed companies in the same sector.

2 | Intangible assets

The balance is as follows:

Intangible assets €/000	31 Dec 2023	31 Dec 2024	Change
Intangible assets with defined life			
Concessions, licenses, trademarks and similar right	1,493	1,238	(255)
Fixed assets in progress and advances	452	326	(126)
	1,945	**1,564**	**(382)**
	1,945	**1,564**	**(382)**

It is reported that the Company had no goodwill recognised to the balance sheet under assets at year-end.

Increases, totalling € 439 thousand, mainly refer to investments in software and usage licenses.
Amortization during the year was equal to € 740 thousand.
The value of intangible assets fully amortized but still in use was € 8,926 thousand.

Flow from intangible assets €/000	Concessions, licenses, trademarks and similar rights	Fixed assets in progress and advances	**Total**
Historic cost at start of period	**12,495**	**452**	**12,947**
Increases during period	-	358	358
Disposals during period	-	-	-
Revaluations, impairment during period	-	-	-
Other changes	485	(485)	-
Historic cost at period end	**12,979**	**326**	**13,305**
Provision for amortization/depreciation at start of period	**11,001**	**-**	**11,001**
Amortization/depreciation during period	740	-	740
Uses during period	-	-	-
Other changes in the provision	-	-	-
Provision for amortization/depreciation at period end	**11,741**	**-**	**11,741**
Net book value at period end	**1,238**	**326**	**1,564**

3 | Other non-current assets

Equity investments and securities

These include the items indicated below:

Equity investments and securities €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Gever S.p.A	1,243	1,243	-
Burgo Ardennes S.A.	292,701	292,701	-
Burgo Benelux S.à r.l.	290	290	-
Burgo France S.à r.l.	2	2	-
Burgo UK Ltd	388	388	-
Burgo Central Europe GmbH	377	377	-
Burgo North America Inc	110	110	-
Burgo Factor S.p.A.	4,105	4,105	-
Burgo Distribuzione S.r.l.	11,530	11,530	-
S.E.F.E. S.à r.l.	0	0	-
Burgo Energia S.r.l.	15	15	-
Mosaico S.p.A.	123,620	123,620	-
Burgo Eastern Europe Sp. z o.o.	1	1	-
Burgo Recycling S.r.l.	51	51	-
Equity investments in subsidiaries	**434,431**	**434,431**	**-**
Equity investments in associates	**16**	**16**	**-**
Equity investments in other companies	**7,174**	**9,052**	**1,878**
	441,622	**443,500**	**1,878**

The increase in “Equity investments in other companies” is due to the reclassification of the loans to Consorzio Italia Energy Interconnector as part of the obligations arising from the Interconnector procedure, which in the previous year were recognised as financial receivables from other companies. This investment was subject to a write-downs of € 350 thousand, recorded on the balance sheet.

Equity investments in subsidiaries and in other companies

List of equity investments pursuant to article 2427, no. 5, Italian Civil Code. €/000

Company name	Registered office	Share capital (*)		Shareholders' equity (*)	Profit (loss) (*)	Stake directly held	**Book value**
Subsidiaries							
Gever S.p.A. in Liquidation	Altavilla Vicentina (VI)	EUR	100	1,716	419	100,00	1,243
Burgo Ardennes S.A.	Virton (Belgium)	EUR	75,000	142,893	12,034	99,99**	292,701
Burgo Benelux S.à r.l.	Virton (Belgium)	EUR	248	324	124	100,00	290
Burgo France S.à r.l.	Champeaux (France)	EUR	600	442	115	100,00	2
Burgo UK Ltd	Milton Keynes (UK)	GBP	250	834	64	100,00	388
Burgo Central Europe GmbH	Munich (Germany)	EUR	256	628	59	100,00	377
Burgo North America Inc.	Stamford - Connecticut (USA)	USD	100	1,174	(25)	100,00	110
Burgo Factor S.p.A.	Milan	EUR	3,000	37,053	2,650	90,00	4,105
Burgo Distribuzione S.r.l.	Altavilla Vicentina (VI)	EUR	9,060	14,815	3,441	100,00	11,530
S.E.F.E. S.à r.l.	Ecouviez (France)	EUR	76	498	(290)	0,20	-
Burgo Energia S.r.l.	Altavilla Vicentina (VI)	EUR	5,015	10,000	4,887	100,00	15
Mosaico S.p.A.	Altavilla Vicentina (VI)	EUR	75,000	145,616	12,466	100,00	123,620
Burgo Eastern Europe Sp. z o.o.	Warsaw (Poland)	PLN	5	2,383	319	100,00	1
Burgo Recycling S.r.l.	Altavilla Vicentina (VI)	EUR	100	598	97	51,00	51
							434.431

(*) The figures for each investee were taken from the 2024 financial statements of 2024 draft financial statements. In the cases in which the carrying value was higher than the portion of shareholders' equity, also taking into account adjustments required in preparation of the consolidated financial statements, the greater value is justified by unexpressed values relative to the investee, such as goodwill. More specifically, in terms of significance, we note that the differential between the carrying value of the equity investment in Burgo Ardennes SA and the relative recognisable shareholders' equity (statutory shareholders' equity plus profits from the current year), equal to € 190.4 million (€ 194.2 million at 31-12-2023), originated with the allocation within the carrying value of the equity investment of the portion of the shortfall arising from the Cartiere Burgo/Dieci merger in financial year 2001, for a total of € 103 million. This greater value was allocated, in the consolidated financial statements, to tangible fixed assets associated with Burgo Ardennes SA on the basis of a specific exchange appraisal. At 31 December 2024, the value of the subsidiary's shareholders' equity, expressed on the basis of international accounting standards for the consolidated financial statements of Burgo Group S.p.A., was € 142.9 million (€ 141.7 million at 31-12-2023) with a difference of € 149.8 million (€ 151 million at 31-12-2023) with respect to the carrying value in the parent company's financial statements, consisting of total and accumulated dividends distributed between financial years 2001 and 2024 and positive results achieved. Despite the profits recognised by the associated company, which has always achieved annual profits, cash flows forecast for coming years as well as the strategic importance of the equity investment within the Burgo Group, an impairment test was still performed, which did not indicate any lasting losses of value (paragraph 12.h.i IAS 36).

(**) 100% held, including the indirect shares held by Mosaico S.p.A..

Financial receivables and other non-current financial assets

Financial receivables and other non-current financial assets €/000	31 Dec 2023	31 Dec 2024	Change
Non-current financial receivables due from subsidiaries	2,800	2,800	-
Non-current financial receivables due from others	6,950	5,352	(1,597)
	9,750	**8,152**	**(1,597)**

The receivable due from the parent company, already present the previous year, consists of a medium-term loan disbursed to the subsidiary Mosaico S.p.A. for € 2,800 thousand. On the other hand, receivables due from other companies refer to a shareholder loan to Consorzio Italia Energy Interconnector, relative to obligations deriving from the Interconnector procedure, which in 2024 decreased by € 1,597 thousand due to the reclassification to equity investments as evidenced in Note 3, partly offset by discounting.

Other receivables and non-current assets

Other receivables and non-current assets €/000	31 Dec 2023	31 Dec 2024	Change
Non-current sundry receivables due from others	0	0	-
Non-current security deposits	10,174	10,938	764
	10,175	**10,938**	**764**

Other receivables and non-current assets consist of security deposits for € 10,938 thousand. The increase, of € 764 thousand, is mainly due to the increase in the security deposit made with Terna relative to the Interconnector procedure, for amounts paid during 2024 to guarantee the execution of interconnection work.

4 | Deferred tax assets

These amounted to € 18,107 thousand. The balance in the accounts includes allocations for deferred taxes which it is held can be compensated for with deferred tax payables. Below are the details:

Deferred tax assets €/000	31 Dec 2023			31 Dec 2024		
	Taxable	% rate	(Debit)/ credit	Taxable	% rate	(Debit)/ credit
IRES						
Derivatives	(6,961)	24.0	(1,671)	(4,255)	24.0	(1,021)
IAS 19 discounting - actuarial G/L	2,695	24.0	647	2,687	24.0	645
Amortization, depreciation and write-downs	10,743	24.0	2,578	10,419	24.0	2,501
IRES losses to be used in future financial years	24,401	24.0	5,856	19,437	24.0	4,665
Allocation of shortfall	(17,403)	24.0	(4,177)	(17,019)	24.0	(4,085)
Other items	16,426	24.0	3,942	11,890	24.0	2,854
	94,489		**22,677**	**71,582**		**17,180**
IRAP						
Taxed provisions (allocated)	34,516	3.9	1,346	21,695	3.9	846
Amortization, depreciation and write-downs	9,895	3.9	386	8,624	3.9	336
Allocation of shortfall	(17,407)	3.9	(679)	(17,023)	3.9	(664)
Derivatives	1,509	3.9	59	(977)	3.9	(38)
Other items	15,379	3.9	600	11,463	3.9	447
	43,892		**1,712**	**23,783**		**928**
			24,389			**18,107**

In 2024, the Company recognised the following main effects in the item deferred tax assets:

- lower tax assets relating to previous years' IRES losses to be used in future financial years. The change, amounting to € 1,191 thousand, is due to the utilisation made to reduce the taxable base of the current year;
- lower IRES and IRAP tax assets for non-deductible impairment and amortization/depreciation for € 127 thousand;
- lower IRES and IRAP tax assets on taxed provisions for € 4,380 thousand, in particular for allocations made to provisions for risks and charges, and for other costs allocated for and not deducted;
- lower IRES tax liabilities for € 553 thousand on the sum of assets and liabilities for hedging derivatives recognised almost entirely in Shareholders' equity under hedge accounting as required by IFRS 9;
- lower IRES and IRAP deferred tax assets for € 1,241 thousand, under Other items with temporary tax differences.

For more details about the applicable rate, please see note 35 "income taxes".

Note that the Company's losses can currently all be carried forward indefinitely. Recognition of deferred tax assets relative to a portion of IRES tax losses that can be carried forward is justified by a reasonable expectation of sufficient future taxable income, in the context of national tax consolidation, based on the economic forecasts found in the industrial plan.

Below are the details of tax losses recognised in the financial statements, which generated deferred taxes, net of uses for the group.

Tax losses €/000		**2023**		**2024**	
	maturity	loss	tax	**loss**	**tax**
2002	can be carried forward indefinitely	24,401	5,856	19,437	4,665
		24,401	**5,856**	**19,437**	**4,665**

Please note that 2002 tax losses can only be used by Burgo Group S.p.A..
The difference between the losses accrued at the end of 2023 and 2024 derives from the use of these losses to reduce Burgo Group S.p.A.'s taxable base for the current year and for adjustments between the estimated tax calculation recorded in the Financial Statements as at 31 December 2023 and the final tax return.
It is worth noting that as of 31 December 2023, the group has tax losses for IRES amounting to € 112,030 thousand, for which no deferred tax assets have been recognized.

Current assets

5 | Inventories

Warehouse inventories €/000	31 Dec 2023	31 Dec 2024	Change
Raw materials inventories	16,503	20,996	4,493
Spare parts	16,738	16,708	(30)
Provision for impairment of raw materials and spare parts	(8,304)	(8,774)	(470)
Raw materials, subsidiary and consumable items	**24,937**	**28,931**	**3,993**
Products in progress and semi-finished products	8,714	10,446	1,732
Products in progress and semi-finished products	**8,714**	**10,446**	**1,732**
Finished products and goods	30,738	30,580	(158)
Provision for impairment of products	(6,453)	(5,076)	1,377
Finished products	**24,285**	**25,503**	**1,218**
	57,936	**64,880**	**6,944**

Warehouse inventories increased overall by € 6,944 thousand (in 2023 the change was € -56,051 thousand).
The value of raw materials, stocks, consumables and finished products is shown net of the provision for obsolescence for € 13,850 thousand (€ 14,757 thousand the previous year). This provision was adjusted during the year on the basis of the most recent assessments of the risk of not recovering the value of inventories.
The increase in the value of raw materials, for € 4,493 thousand, is mainly attributable to an increase in stock volumes at year-end.
The value of inventories at € 16,708 thousand is in line with the figure at the end of the previous year.
The increase in the value of products in progress and finished products for € 1,574 thousand is due to higher quantities in stock for € 2,434 thousand, partly offset by a decrease in the average production cost linked to the reduced cost of raw materials and energy for € -860 thousand.

6 | Trade receivables

Trade receivables €/000	31 Dec 2023	31 Dec 2024	Change
From customers	79,315	60,783	(18,532)
Provision for doubtful accounts	(24,815)	(22,273)	2,542
	54,500	**38,510**	**(15,990)**
Relative to the Group companies	61,110	47,709	(13,401)
from affiliated companies	2,924	6,861	3,938
	64,034	**54,570**	**(9,464)**
	118,534	**93,080**	**(25,454)**

Trade receivables due from third parties decreased by € 18,532 thousand mainly due to lower sales during the final quarter of the year in question, compared to the previous year, and an improvement in payment terms.
Receivables from other Group companies decreased by € 13,401 thousand mainly due to decreased sales to Burgo Ardennes S.A. and Burgo Distribuzione S.r.l.
Trade receivables do not accrue interest. It is held that the value inserted (adjusted by the provision for doubtful accounts) approximates the presumable realisable value.
The provision for doubtful accounts is adequate to risk coverage requirements.
The table below provides a breakdown of trade receivables by geographic area, exclusive of infra-group transactions.

Trade receivables by geographic area €/000	31 Dec 2023	31 Dec 2024	Change
Itay	18,833	12,715	(6,118)
Europe E.U.	28,743	21,234	(7,509)
Other countries	6,924	4,560	(2,364)
	54,500	**38,510**	**(15,990)**

7 | Other receivables and current assets

Other receivables and current assets €/00	31 Dec 2023	31 Dec 2024	Change
Current tax receivables	**8,738**	**6,531**	**(2,207)**
Current sundry receivables due from subsidiaries	287	1,173	887
Current tax consolidation receivables due from subsidiaries	10,663	7,880	(2,783)
Sundry receivables due from group companie	**10,950**	**9,054**	**(1,896)**
Current sundry receivables due from others	5,144	589	(4,555)
Current receivables due from social security entities	23	22	(1)
Current derivative assets	144	977	832
Other sundry receivables	**5,311**	**1,588**	**(3,723)**
Other assets	**498**	**967**	**469**
	25,497	**18,139**	**(7,358)**

Other receivables and current assets decreased by € 7,358 thousand. The main changes are described in detail below:

- tax receivables decreased by € 2,207, mainly due to lower IRES and IRAP tax credits, amounting to € 1,455, and lower VAT credits from the tax authorities, equal to € 407 thousand;
- receivables for tax consolidation relative to subsidiaries: these decreased by € 2,783 thousand mainly due to a lower receivable from the subsidiary Mosaico S.p.A.;
- sundry receivables due from others: these fell by € 4,555 thousand, mainly due to the write-off of a security deposit paid to GSE;
- derivative asset entries for energy costs increased by € 832 thousand.

8 | Financial receivables and other current financial assets

Financial receivables and other current financial assets €/000	31 Dec 2023	31 Dec 2024	Change
Financial receivables due from subsidiaries	14,228	16,626	2,398
Financial receivables due from others	3,415	3,142	(273)
Derivative financial assets	9,175	3,536	(5,638)
Other financial assets	2,347	2,634	287
	29,165	**25,939**	**(3,226)**

Among other things, the balance includes financial receivables due from subsidiaries represent pass-through items in the context of coordinated treasury management (€ 16,626 thousand).

Specifically, receivables due from subsidiaries consist of the following positions:

- Burgo Energia S.r.l.: € 13,840 thousand (€ 8,332 thousand at 31 December 2023);
- Burgo Distribuzione S.r.l.: € 2,786 thousand (€ 1,238 thousand at 31 December 2023);
- Burgo Factor S.p.A. € 0 (€ 267 thousand at 31 December 2023);
- Burgo Ardennes S.A. € 0 (€ 4,391 thousand at 31 December 2023).

Under financial receivables due from others, the assets in the deposit account, totalling € 2,442 thousand, were not freely available for a portion equalling € 1,829 thousand, because of a pledge lien to guarantee an FIT subsidised loan granted to the Sora plant.
Financial assets for current derivatives amounted to € 3,536 thousand to cover medium to long-term credit lines.
The item “Other assets” includes prepaid expenses totalling € 189 thousand relative to costs for the revolving credit facility, accrued interest income for € 1,583 thousand and accrued income on derivatives hedging interest rates for € 863 thousand.

9 | Cash on hand and other cash equivalents

Cash on hand and other cash equivalents €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Bank and postal deposits	243,697	251,212	7,515
Cash and cash on hand	12	12	0
	243,709	**251,224**	**7,515**

Liquidity and on demand bank deposits accrue interest at variable market rates. The book value, which represents the nominal value, is also equal to the fair value.
It is reported that cash equivalents include readily convertible deposit accounts, with repayment on demand or with a maximum maturity of three months, for a total of € 120,000 thousand, subscribed during the year.
For a comment on the change in the item current accounts and other loans, please see note 16 "current financial liabilities".
Below is a reconciliation table for the item "Cash on hand and other cash equivalents" with net monetary availability recognised in the cash flow statement:

Reconciliation of cash on hand and other cash equivalents €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Cash on hand and other cash equivalents	243,709	251,224	7,515
shared current accounts receivable	14,228	16,626	2,398
shared current accounts payable	(79,256)	(101,540)	(22,284)
Current accounts and other loans	0	(0)	(0)
	178,681	**166,309**	**(12,371)**

Shareholders' equity

10 | Shareholders' equity

Total shareholders' equity amounted to € 618,234 thousand (€ 569,605 thousand at 31 December 2023).
Share capital at 31 December 2024 consisted of 2,168,857,500 ordinary shares with no nominal value, for a total value of € 90,000 thousand.
The company has no treasury shares in its portfolio.

Shareholders' equity at 31 December 2024 increased by € 48,629 thousand with respect to 31 December 2023, as a consequence of:

- profit for the year of € 73,417 thousand;
- distribution of dividends of € 22,754 thousand, of which € 18,204 thousand from the reserve for Equity Financial Instruments component of profit reserve and € 4,550 thousand from the 2023 result;
- the recognition in the reserve, net of taxes, of actuarial gains based on that required under IAS 19, which led to an increase of € 120 thousand;
- the recognition, in the CFH reserve, net of taxes, of the fair value of financial instruments recognised using hedge accounting (cash flow hedge) for a negative change of € 2,154 thousand.

For more information, please see the "Statement of changes in shareholders' equity".
The table below breaks down the reserves, including profits carried forward:

Reserves and profits carried forward €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Distributable reserve from share capital reduction	138,797	138,797	-
Legal	18,000	18,000	-
Reserve for equity financial instruments	101,554	83,350	(18,204)
Non-distributable exchange gains reserve	2,559	793	(1,766)
Other reserves	238	238	-
IAS 19 reserve	(6,482)	(6,362)	120
Reserve for accounting standard change - FTA	4,686	4,686	-
Cash flow hedge reserve	5,349	3,195	(2,154)
	264,701	**242,698**	**(22,003)**
Reserve for retained earnings/(loss)	147,275	212,119	64,843
	147,275	**212,119**	**64,843**

Deferred taxes relative to items directly attributed to shareholders' equity are as follows:

Deferred taxes recognised directly to shareholders' equity €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Fair value changes in cash flow hedges	(1,612)	(1,059)	553
Actuarial losses	1,788	1,750	(38)
	176	**691**	**515**

To complete the information provided about shareholders' equity, below is the schedule pursuant to article 2427, no. 7 bis of the Italian Civil Code, which provides the items composing shareholders' equity, broken down on the basis of their origin, possibility of use and whether they can be distributed, as well as uses made in previous years. This classification takes into account the amendments made to the Italian Civil Code by Italian Legislative Decree 139 of 18 August 2015, and was also carried out on the basis of the indications found in "Guide to regulations on distribution of profits and reserves pursuant to Italian Legislative Decree 38 of 28 February 2005", issued by the Italian Accounting Body.

Distributability of reserves pursuant to article 2427, no. 7 bis, Italian Civil Code €/000	**amount**	possibility of use	"portion available for distribution"	
Capital reserves:				
Distributable reserve for C.S. reduction	138,797	A, B, C	138,797	
SFP reserve, distributable	46,646	B, D	46,646	
	185,443		185,443	
Profit reserves:				
SFP reserve, distributable	36,705	B, D	36,705	
Legal reserve	18,000	B	0	
CFH reserve	3,195		0	(1)
IAS 19 reserve	(6,362)		0	(2) (4)
FTA reserve (Italian Legislative Decree 38/2005 art,7 paragraph 7)	4,686	B	0	
Merger surplus	238	A, B, C	238	(6)
Reserve for unrealised exchange gains	793	A, B	0	
	57,255		36,942	
Reserve for retained earnings/(loss)	212,119	A, B, C	212,119	
	212,119		212,119	
	269,374		249,062	
	454,817		**434,504**	

Key:

A: for capital increase;
B: to cover losses;
C: for distribution to shareholders;
D: for other provisions in the Articles of Association.
(1) Reserve for fair value adjustment of hedging derivatives and the relative underlying assets/liabilities. This reserve is correlated with the recognition of cash flow hedges. In particular, it refers to unrealised gains and losses, net of the relative tax effects, which derive from the fair value adjustment of a cash flow hedge and its relative underlying elements. Note that, in application of Italian Legislative Decree 38/2005, this reserve is subject to the unavailability regime established under article 6, paragraph 1, letter b of the same decree.
(2) Reserve for gains/losses from discounting of defined benefit plans, based on that required under IAS 19.
(3) Reserve for fair value adjustment of financial assets available for sale. Note that, in application of Italian Legislative Decree 38/2005, this reserve is subject to the unavailability regime established under article 6, paragraph 1, letter b of the same decree.
(4) The purposes for which this reserve can be used are not indicated, given that it is a negative value which is offset by decreasing the portion available of any profits carried forward.
(5) Not available for distribution to shareholders, considering that it is a negative value.
(6) Merger surplus from cancellation, comparable to a profit reserve.

The tax regime for the reserve is illustrated below.
In regard to suspended tax reserves, the legal reserve is bound for tax purposes in the amount of € 709 thousand for the reconstitution of suspended tax reserves of companies incorporated in previous years. Recall that, for tax purposes, a constraint is set on amounts in reserves, equal to the balance of off the accounts deductions made and not yet reabsorbed, net of associated deferred taxes. This balance is estimated to be around € 0.3 million at the end of 2024, net of deferred IRES taxes. Recall that tax regulations do not envisage taxation, provided that after any distribution shareholders' equity reserves remain that are equal to the net amount reported above.

Non-current liabilities

11 | Non-current financial liabilities

Non-current financial liabilities €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Loan payables	150,223	30,340	(119,883)
Right of use liabilities	620	2,564	1,944
	150,843	**32,904**	**(117,939)**

Right of use liabilities - flows €/000	Balance at start of period	Decreases	Reclassification	Increases	**Balance at end of period**
Non-current right of use liabilities	620	-	(706)	2,650	2,564
Current right of use liabilities	615	(1,159)	706	544	706
Total	**1,235**	**(1,159)**	**0**	**3,194**	**3,269**

Non-current financial liabilities include three medium-term credit lines: one amortising loan for an initial nominal value of € 200,000 thousand, one bullet loan line of an initial nominal value of € 175,000 thousand, and one SACE-backed loan of an initial nominal value of € 150,000 thousand. At year-end, the portion of the three credit lines above to be paid after the end of the year amounted to € 30,340, reported net of the current portion of € 121,947 thousand.
Non-current financial liabilities also include:

- a subsidised loan of € 754 thousand (initial nominal value of € 3,292 thousand) and a bank loan of € 170 thousand, relative to admission to receive the benefits of the Fund for Technological Innovation, Law FIT 46/82 for the Sora plant;
- liabilities for rights of use for € 2,564 thousand, following application of IFRS 16.

Interest on variable rate loans was determined every six months. Almost all variable rate medium and long-term loans were hedged against interest rate risk. The conditions for fixed rate loans remained constant through to maturity of the instruments. For all payables relative to loans, valued at the amortized cost, it is held that the book value reflects the fair value of the financial instrument as of the reporting date.

Loan payables - breakdown of maturity dates €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
from 2 - 3 years	143,958	30,340	(113,618)
from 4 - 5 years	6,265	-	(6,265)
	150,223	**30,340**	**(119,883)**

Right of use liabilities - breakdown of maturity dates €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
from 2 - 3 years	430	1,150	720
from 4 - 5 years	168	822	654
over 5 years	22	592	570
	620	**2,564**	**1,944**

12 | Severance indemnities (TFR) and other provisions relative to personnel

TFR (severance indemnity) €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Actuarial measurement of TFR at start of period	8,289	7,703	(586)
Payments	(1,018)	(938)	80
TFR discounting - IAS 19 reserve	(102)	(158)	(56)
TFR discounting - financial expenses (income)	411	224	(187)
Other changes - incoming (outgoing) transfers	122	77	(46)
	7,703	**6,907**	**(796)**

For actuarial measurement of the provision for severance indemnities (TFR) at 31 December 2024, on the basis of accounting standard IAS 19 an independent actuary carried out the calculation, based on information provided by the Company.
In the calculation, the actuary made use of the following demographic hypotheses:

- to estimate probability of death within the group of employees subject to measurement, the estimate provided by the ISTAT 2022 table was used;
- to estimate probability of disability within the group of employees subject to measurement, an INPS table was used, broken down by age and gender;
- for retirement age for the generic active population, achievement of the minimum requirements established for General Obligatory Insurance was assumed;
- for probability of departure for reasons other than death, an annual frequency of 3.00% was considered (unchanged with respect to the previous year);
- for the probability of TFR advances, a yearly value of 2.00% was assumed (unchanged with respect to the previous year).

Financial economic hypotheses used in the measurement are described below:

Economic/financial hypotheses used	2023	2024
Annual theoretical discounting rate	3.08%	3.18%
Annual inflation rate	2.00%	2.00%
Annual TFR increase rate	3.00%	3.00%

The validity of this data is connected to the stability of the reference regulatory situation, expected performance of interest rates on the financial market, the expected performance of salary trends, of future liquidation trends and the frequency with which employees make use of advances, which must be on average compatible with the economic/financial hypotheses made.
Based on the social security reform, since the Company has more than 50 employees future portions of the TFR provision accruing no longer accumulate within the company but go to supplementary social security or the INPS treasury fund. Therefore, projection of salaries based on given growth rates and professional roles is no longer necessary.

13 | Provisions for risks and charges

Provisions for risks and charges €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Provision for industrial charges	8,934	5,188	(3,746)
Provision for ongoing disputes	23,068	13,992	(9,076)
Provision for supplementary customer allowance	794	793	(1)
Provision for restructuring charges	1,639	1,639	-
	34,435	**21,613**	**(12,823)**

Below is a breakdown of changes in the provisions:

Provisions for risks and charges - changes €/000	Balance at start of period	Increases	Decreases	**Balance at end of period**
Provision for industrial charges	8,934	358	(4,104)	5,188
Provision for ongoing disputes	23,068	2,944	(12,019)	13,992
Provision for supplementary customer allowance	794	-	(1)	793
Provision for restructuring charges	1,639	-	-	1,639
	34,435	**3,302**	**(16,124)**	**21,613**

The **provision for industrial charges** is intended to cover:

- expenses expected to be incurred for the demolition and redevelopment of certain production plants;
- costs associated with rubbish dump management;
- charges associated with the CO_2 quota deficit, calculated at 31 December 2024 after free allocations received on an accrual basis and acquisitions already made to deal with the deficit in question; during the year, provisions of € 34 thousand were recorded;

The **provision for ongoing disputes** is created to deal with potential liabilities that could arise in relation to legal disputes and disputed items. The provision was recorded at € 13,992 thousand. The decrease in the year was mainly due to utilisations for € 4,923 thousand for an allocation recognised in the previous year relating to tax credits for energy-intensive companies, and a utilisation of € 7,000 thousand for settlements of disputes over energy charges. However, provisions for € 1,130 thousand were recorded to the balance sheet for the dispute with the Abruzzo Region regarding water rights fees for hydroelectric use, and for € 1,337 thousand for employment-related legal disputes.
The **provision for supplementary customer allowance** represents the updated estimate of the indemnities to be paid to sales agents for interruption of the agency relationship.
The **provision for restructuring costs** includes provisions made for expenses to be sustained to carry out the restructuring plan.

Current liabilities

14 | Current financial liabilities

Current financial liabilities €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Loan payables - current portion	23,269	121,947	98,677
Current accounts and other loans	(0)	0	0
Payables due to subsidiaries	79,256	101,540	22,284
Right of use liabilities	615	706	91
Other financial liabilities	1,729	1,416	(313)
	104,869	**225,609**	**120,740**

The increase in current financial liabilities relates to the increase in the current portion of payables referring to medium-long term loans for € 98,677 thousand and to higher financial liabilities to subsidiaries for € 22,284 thousand.
Interest on variable rate loans was redetermined every six months. The conditions for fixed rate loans remained constant through to maturity of the instruments. For all payables relative to loans, valued at the amortized cost, it is held that the book value reflects the fair value of the financial instrument as of the reporting date. Additionally, the current portions of rights of use were recognised in the financial statements for € 706 thousand, in application of IFRS 16.
Payables due to subsidiaries for € 101,540 thousand include payables for current accounts held with:

- Gever S.p.A., in liquidation, € 1,856 thousand (€ 1,877 thousand in 2023);
- Mosaico S.p.A. For € 51,309 thousand (€ 77,379 thousand in 2023);
- Burgo Ardennes S.A. € 40,439 thousand (€ 0 thousand in 2023);
- Burgo Factor S.p.A. for € 7,936 thousand (€ 0 thousand in 2023).

Other financial liabilities, equal to € 1,416 thousand, include interest expenses payable accruing on medium/long-term loans and relative to the use of short-term bank credit lines. Also note that for short-term financial needs, short-term credit lines are available totalling around € 201.5 million, at 31 December 2024 used for a total of around € 35.8 million or 18%.

15 | Trade payables

Trade payables €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Current payables due to suppliers	112,177	102,955	(9,222)
Current trade payables due to subsidiaries	108,162	55,313	(52,849)
Current trade payables due to associated companies	237	499	262
	220,576	**158,767**	**(61,809)**

Trade payables do not accrue interest. The amount recognised in the financial statements approximates the market value. The change to trade payables for € 9,222 thousand compared to 31 December 2023 is due to lower purchase volumes in the final quarter of the year compared to the same period of the previous year.
The significant reduction in payables due to Group companies is mainly attributable to the reduction in payables to the subsidiary Burgo Ardennes S.A. for € 46,873 thousand, a portion of which referred to the year-end adjustments which, during the last year and contrary to the current period, increased the debt, and to the lower trade payables in respect of the subsidiary Mosaico S.p.A. for € 7,495 thousand.

The table below provides a breakdown by geographic area:

Trade payables by geographic area €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Italy	69,375	64,414	(4,961)
Europe E.U.	42,204	36,806	(5,398)
Other countries	598	1,735	1,137
	112,177	**102,955**	**(9,222)**

16 | Current tax payables

Payables for current taxes €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Tax payables, VAT	28	0	(27)
Payables for withholdings	2,102	2,608	506
	2,129	**2,608**	**479**

Current tax payables amount to € 2,608 thousand. The increase is due to higher payables due to tax authorities for taxes to be paid in the form of substitute tax for € 506 thousand. VAT payables refer to payables due to tax authorities in European countries in which the company holds a foreign VAT number which were written off at year-end.

17 | Other payables and current liabilities

Other payables and current liabilities €/000	31 Dec 2023	31 Dec 2024	Change
Current sundry payables due to others	5,755	6,299	544
Current sundry payables due to subsidiaries	1,292	20	(1,273)
Payables for commissions and premiums	3,442	3,871	429
Current tax consolidation payables due to subsidiaries	1	5	3
Payables due to personnel	9,181	6,465	(2,717)
Current payables due to social security entities	2,493	2,889	396
Current derivative liabilities	1,632	3,864	2,232
Deferred income from capital account grants	1,125	1,007	(117)
Other accrued expenses and deferred income	452	623	171
	25,373	**25,042**	**(331)**

Please note in particular:

- reduction in payables due to subsidiaries for € 1,273 thousand following a reduction in VAT payables to subsidiaries;
- reduction in payables for € 2,717 thousand due to personnel mainly due to the allocation of lower variable remuneration components at year-end;
- allocation of liabilities for current energy derivatives for € 3,864 thousand.

18 | Commitments and potential liabilities

The following table shows the guarantees granted in the interest of subsidiaries, for € 33,039 thousand, by credit institutions based on unsecured lines granted to the Company.

The subsidiaries (contractors/debtors) are:

- Burgo Recycling S.r.l. up compared to the previous year due to the development of its business;
- Burgo Distribuzione S.r.l. in line with the previous year;
- Burgo Energia S.r.l. down on the previous year following lower energy market prices;
- Mosaico S.p.A. in line with the previous year.

Furthermore, guarantees granted to other parties by banks and insurance companies in the interest of the Company, amounting to € 5,587 thousand, are also indicated, as are potential liabilities for TFR provisions transferred to subsidiaries (€ 7,686 thousand) as part of extraordinary operations.

Commitments and potential liabilities €/000	31 Dec 2023	31 Dec 2024	Change
Personal guarantees provided in favour of:			
subsidiaries	25,255	33,039	7,784
other subjects	17,439	13,273	(4,166)
	42,694	**46,312**	**3,618**

Annual Income Statement

Below are the main items which were not commented on relative to the annual income statement. For comments on changes in the most significant items, please see analysis of income results in the Report on Operations.

19 | Revenues

Revenues €/000	31 Dec 2023	31 Dec 2024	Change
Paper	804,038	755,505	(48,533)
Energy	48,898	33,847	(15,052)
Others	16,539	14,612	(1,927)
	869,476	**803,964**	**(65,512)**

Revenues reduced by € 65,512 thousand, mainly due to the decrease in paper sales; energy-related revenues also reduced by € 15,052 thousand, while other revenues fell by € 1,927 thousand.
The reduction in paper revenues was due to lower average net sales prices for € 62,626 thousand, partly offset by higher paper volumes which generated € 14,093 thousand in increased revenues.
Energy revenues came down sharply as a result of the drop in gas market prices, which had contracted significantly compared to the previous year.
Other revenues, which fell by € 1,927 thousand, refer to re-invoicing, particularly to subsidiaries, for various raw materials and services.

Below is a breakdown of revenues by geographic area:

Markets €/000	31 Dec 2023	31 Dec 2024	Change
Italy	350,993	307,887	(43,106)
Europe E.U.	405,475	381,367	(24,108)
Other countries	113,008	114,710	1,702
	869,476	**803,964**	**(65,512)**

20 | Other income

Other income €/000	31 Dec 2023	31 Dec 2024	Change
Insurance settlements	1,915	2,657	742
Environmental certificates	5,836	4,056	(1,780)
Energy expenses recovery and reimbursements	10,316	12,756	2,440
Sundry income and expenses recovery	3,473	3,221	(252)
Grants for current expenses	580	395	(185)
	22,120	**23,085**	**965**

Other income increased by € 965 thousand, with the change referring specifically to:

- higher insurance settlements on claims for € 742 thousand;
- lower profits from white certifications for € 1,780 thousand;
- higher revenues for recoveries and miscellaneous energy income mainly resulting from gas interruptibility service fees for a total of € 787 thousand and for electricity for € 1,653 thousand;
- lower contributions to operating and capital accounts, the latter for the year's competence portions based on the useful life of the asset to which they refer.

21 | Purchases of materials and external services

Purchases of materials and external services €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Purchases of raw materials, subsidiary and consumable items and goods	551,580	540,966	(10,614)
Transport and accessory expenses on purchases	4,123	5,100	977
Transport and accessory expenses on sales	42,762	43,630	868
Other industrial services	11,318	14,690	3,372
Industrial maintenance	7,728	13,850	6,122
Electricity and natural gas	80,609	86,390	5,781
Fees to independent auditing firm	131	141	10
Fees to statutory auditors	105	113	8
Other general and administrative services	16,150	18,542	2,392
Rentals and leases	459	693	234
	714,964	**724,114**	**9,150**

Purchases of materials and external services increased by € 9,150 thousand. The most significant changes involved:

- purchases of raw materials, subsidiary and consumable items and goods which reduced by € 10,614 thousand. In euro/tonne terms, production costs for raw materials were higher than in 2023, particularly for purchases of pulp, paper for recycling and kaolin. Average gas prices fell in 2024 compared to the previous year, which partly offset the higher quantities of gas used;
- other industrial services saw an increase of € 3,372 thousand mainly due to additional services requested from external suppliers;
- industrial maintenance costs increased by € 6,122 thousand, mainly due to extraordinary maintenance on certain assets at the Duino plant, which was disposed of in 2023;
- energy and natural gas costs increased by € 5,781 thousand due to increased paper production;
- other general administrative services increased by € 2,392 thousand, mainly due to consultancy costs related to extraordinary operations and activities.

22 | Personnel expenses

Personnel expenses €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Wages and salaries	39,002	39,824	822
Social security contributions	13,381	13,167	(213)
Expenses for defined benefit programs	3,058	3,045	(13)
Others	4,910	2,620	(2,289)
	60,351	**58,657**	**(1,695)**

Personnel expenses decreased by € 1,695 thousand compared to the previous year and accounted for 7.3% of revenue (6.9% in 2023).
For more details, please see the Report on Operations, under the item "Personnel".
Other costs include fees to directors, temporary work and expenses for personnel training.

23 | Other operating expenses

Other operating expenses €/000	31 Dec 2023	31 Dec 2024	Change
Provisions			
for impairment of receivables	(461)	-	461
for industrial charges	810	324	(486)
for disputes in course	9,899	2,944	(6,956)
for supplementary customer allowance	32	(1)	(33)
	10,281	**3,268**	**(7,013)**
Other costs			
Corporate expenses, taxes and indirect taxes	2,659	2,954	295
Contributions, donations and sundry costs	731	619	(112)
Losses and other costs	641	546	(95)
	4,031	**4,120**	**88**
CO_2 costs net of price setting	5,139	5,098	(41)
CO_2 allocations	1,016	34	(982)
	6,155	**5,132**	**(1,023)**
	20,467	**12,520**	**(7,948)**

Other operating expenses decreased by € 7,948 thousand.
More specifically:

- provisions for future credit losses decreased. The provision is however limited by the existence of credit insurance and the drop in total receivables on which Expected Credit Losses (ECL) can be calculated;
- provisions for industrial expenses fell, which in 2024 incorporated various restructuring costs for € 324 thousand;
- there was a decrease in provisions for ongoing claims (€ -6,956 thousand), which in the current year relate in particular to a provision for € 1,337 thousand made in relation to an employment dispute, and € 1,130 thousand made in relation to a dispute with the Abruzzo Region regarding water rights fees for hydroelectric use;
- net CO_2 costs for the year were lower compared to the previous period by € 1,023 thousand due to the lower average unit cost despite a higher deficit of emission allowances to be purchased. In 2024, CO_2 offsetting charges came to € 2,343 thousand, up on the previous year.

24 | Change in inventories

Change in inventories €/000	31 Dec 2023	31 Dec 2024	Change
Change in inventories	(56,051)	6,944	62,995
	(56,051)	**6,944**	**62,995**

The change in warehouse inventories constitute revenues for the year of € 6,944 thousand, as a consequence of the increase in stocks at the end of the period. For more detailed information, please see note 5 to the statement of financial position.

25 | Capitalised costs for internal work

Capitalised costs for internal work €/000	31 Dec 2023	31 Dec 2024	Change
Capitalised costs	528	338	(190)
	528	**338**	**(190)**

This item includes costs for employee work, warehouse materials and other costs sustained to complete internal systems work, which were capitalised among property, plant and equipment. Capitalised work refers primarily to the Sora and Villorba plants, where the main investments were made.
Please see the Report on Operations for more details on the main investments made during 2024.

26 | Depreciation and amortization

Depreciation and amortization €/000	31 Dec 2023	31 Dec 2024	Change
Buildings	2,101	1,159	(942)
Plant and machinery	14,620	15,799	1,179
Industrial equipment	57	65	8
Other assets	541	550	9
Buildings for civil use	5	5	-
Rights of use	1,049	928	(121)
Intangible assets with defined life	698	740	42
	19,071	**19,246**	**175**

Amortization/depreciation stood at € 19,246 thousand and is in line with the previous year.

27 | Capital gains/losses on disposal of non-current assets

Capital gains/losses on disposal of non-current assets €/000	31 Dec 2023	31 Dec 2024	Change
Capital gains	897	59	(838)
Capital losses	(27)	(236)	(208)
	870	**(177)**	**(1,047)**

Capital gains/losses in the year related to disposals, especially the sale of the gas turbine rotor at the Sarego plant,

28 | Write-backs/write-downs of assets

Write-backs/write-downs of assets €/000	31 Dec 2023	31 Dec 2024	Change
Plant and machinery	2	-	(2)
Fixed assets in progress and advances	3,026	-	(3,026)
	3,028	**-**	**(3,028)**

During the year, no significant write-downs were made on fixed assets.

29 | Financial expenses

Financial expenses €/000	31 Dec 2023	31 Dec 2024	Change
Interest expenses on payables due to banks	5,288	5,370	81
Discounting of severance indemnities (TFR)	411	224	(187)
Interest expenses on intercompany current account	871	1,249	378
Financial expenses from measurement of derivatives	-	446	446
Other financial expenses	3,713	3,517	(196)
Write-downs of equity investments	-	350	350
	10,283	**11,156**	**873**

In the year financial expenses due to banks remained unchanged. Interest expenses on intra-group current accounts came to € 1,249 thousand, up by € 378 thousand compared to 2023.
Financial expenses for derivatives not recognised to Shareholders' Equity amounted to € 446 thousand, deriving from the change in the fair value of interest rate hedging derivatives for the component not recognised under the CFH reserve as it did not meet the requirements of the accounting standard; last year, this same component was positive.
Other financial expenses decreased slightly by € 196 thousand and mainly refer to the year's competence portion of fees paid in advance for the availability of short-term credit facilities and commissions for non-use.
Furthermore, in 2024 the equity investment in Consorzio Italia Energy Interconnector was subject to a write-down of € 350 thousand.

30 | Financial income

Financial income €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Income from equity investments			
Dividends from subsidiaries	52,614	55,726	3,113
	52,614	**55,726**	**3,113**
Other financial income			
Financial income from the sale of equity investments	196	-	(196)
Interest income from banks	2,658	6,764	4,106
Interest income on intercompany current account	1,590	991	(599)
Financial income from derivative valuation	705	-	(705)
Other financial income	731	1,692	962
Exchange gains	512	23	(489)
	6,391	**9,470**	**3,079**
	59,005	**65,196**	**6,191**

Financial income increased by € 6,191 thousand compared to the previous year, mainly due to:

- increased dividends from subsidiaries, broken down as follows:
  - Burgo Ardennes S.A. € 11,000 thousand (€ 11,000 thousand in 2023);
  - Burgo Distribuzione S.r.l. € 4,100 thousand (€ 5,800 thousand in 2023);
  - Mosaico S.p.A. € 34,500 thousand (€ 32,900 thousand in 2023);
  - Burgo Factor S.p.A. € 1,890 thousand (€ 2,700 thousand in 2023);
  - Burgo Eastern Europe S.p. Zo.o. € 211 thousand (€ 214 thousand in 2023);
  - Burgo Energia S.r.l. € 4,000 thousand (€ 0 thousand in 2023);
  - Burgo Central Europe G.m.b.H. € 25 thousand (€ 0 thousand in 2023);
- interest income from ordinary current bank accounts and time deposits for € 6,764 thousand;
- interest income from infra-group current accounts relative to subsidiaries for € 991 thousand;
- other financial income amounting to € 1,692 thousand, mainly due to income from discounting on receivables for Interconnector and income on other financial operations.

31 | Income taxes

Income taxes €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Current taxes - IRES	(10,791)	(6,937)	3,854
Current taxes - IRAP	(414)	383	797
Deferred tax assets/liabilities - IRES	10,413	6,109	(4,304)
Deferred tax assets/liabilities - IRAP	946	687	(259)
	155	**242**	**88**

Taxes recorded to the balance sheet amounted to € 242 thousand and include the effects of the Group's IRES consolidation. Specifically, these comprise:

- IRES taxes for the year for the Parent Company, tax consolidation income and expenses from subsidiaries and adjustments relative to the IRES budget estimate for the previous year for a net total income of € 6,937 thousand;
- IRAP for the year and adjustments relative to the IRAP budget estimate for the previous year, for a cost of € 383 thousand;
- IRES deferred tax liabilities for € 6,109 thousand;
- IRAP deferred tax liabilities for € 687 thousand;

Reconciliation of income taxes recognised in the annual income statement and theoretical taxes resulting from application of the tax rate in effect on before tax profit is as follows:

Reconciliation between income tax and theoretical tax €/000	**2023**		**2024**	
Before tax results for the year	**67,783**		**73,659**	
Theoretical tax (IRES) - Italian tax rate in effect: 24%		16,268		17,678
increases (temporary and permanent)	83,333		35,038	
decreases (temporary and permanent)	(169,864)		(103,733)	
	(18,747)		**4,964**	
Current taxes recognised in the financial statements		(59)		(88)
Charge (income) from tax consolidation		(10,731)		(6,849)
Deferred taxes (IRES) recognised in the financial statements		10,413		6.109
Total (IRES) taxes recognised in the financial statements		**(378)**		**(828)**
Effective tax rate (IRES) on income		**(0.6%)**		**(1.1%)**
Current taxes (IRAP) recognised in the financial - 3.9% rate in effect		(414)		383
Deferred taxes (IRAP) recognised in the financial - 3.9% rate in effect		946		687
Total (IRAP) taxes recognised in the financial statements		**532**		**1,070**
Total taxes recognised in the financial statements		**155**		**242**
Effective tax rate (IRES and IRAP) on before tax result		0.2%		0.3%

Increases in income are for the most part temporary and without time limits, which is the reason the relative deferred tax assets were allocated.
Decreases in income on the other hand mainly consist of dividends, which are 95% exempt, uses of provisions for risks and charges taxed in previous year, and the reversal effect relative to write-downs not deducted in previous year.
Please see note 4 "deferred tax assets" for more information on deferred taxes, relative to both other increases and decreases and tax losses.

32 | Schedule of Other Components of the Statement of Comprehensive Income

The schedule presented, found after the income statement at the start of the explanatory notes, illustrates the theoretical economic result that would be achieved in the case that all changes in items directly attributed to shareholders' equity passed through the annual income statement and has been adjusted to the provisions of IAS 1, indicating through grouping the items which, upon the meeting of specific conditions, will be reclassified to profit (loss) for the year and, separately, those that will not be reclassified to profit (loss) for the year.

The company has the following items:

- adjustment of derivatives recognised using cash flow hedge rules to the fair value at end of year. During the year, the gross variation was negative for € 2,706 thousand, which net of taxes (€ 553 thousand) is equal to € 2,154 thousand;
- actuarial gains (losses) during the year which, pursuant to the revised IAS 19, are allocated to a specific shareholders' equity reserve. During the year, the gross variation was positive for € 158 thousand, which net of taxes (€ 38 thousand) is equal to € 120 thousand.

Relations with related parties

Transactions with related parties, including intra-group transactions, are not classified as atypical or unusual, as they are part of the Company's ordinary operations.
These operations, when not completed under standard conditions or those dictated by specific regulatory provisions, are in any case carried out under market conditions.
Below are the economic and equity effects of transactions with related parties for the individual figures of Burgo Group S.p.A. at 31 December 2024.
Related party transactions (based on the definition in IAS 24) essentially involve the exchange of goods, the provision of services or the supply and use of financial means.

Relations with related parties €/000	**Subsidiaries**		**Total financial statement items**			
	31 Dec 2023	**31 Dec 2024**	**31 Dec 2023**	**%**	**31 Dec 2024**	**%**
Financial receivables and other non-current financial assets	2,800	2,800	9,750	29%	8,152	34%
Trade receivables	61,254	48,686	118,534	52%	93,080	52%
Other receivables and current assets	10,950	9,054	25,497	43%	18,139	50%
Financial receivables and other current financial assets	14,228	16,626	29,165	49%	25,939	64%
Current financial liabilities	(79,256)	(101,540)	(104,869)	76%	(225,609)	45%
Trade payables	(108,190)	(55,281)	(220,576)	49%	(158,767)	35%
Other payables and current liabilities	(3,587)	(4,530)	(25,373)	14%	(25,042)	18%
Economic relationships						
Revenues	183,157	173,263	869,476	21%	803,964	22%
Other income	6,142	5,917	22,120	28%	23,085	26%
Costs for materials and external services	(426,911)	(369,961)	(714,964)	60%	(724,114)	51%
Personnel expenses	-	(15)	(60,351)	0%	(58,657)	0%
Other operating expenses	(8,383)	(10,726)	(20,467)	41%	(12,518)	86%
Capitalised costs for internal work	(14)	-	528	-3%	338	0%
Financial expenses	(871)	(1,249)	(10,283)	8%	(11,156)	11%
Financial income	52,148	56,924	59,005	88%	65,196	87%
Income taxes	10,726	8,009	(155)	-6941%	(242)	-3307%

In addition, the transactions reported above, at 31 December 2024 there were medium/long-term loans, exchange rate hedging contracts and insurance policies covering industrial risks and civil liability with related parties, all stipulated at market conditions.
At 31 December 2024, loans with related parties amounted to a nominal € 86,006 thousand (€ 98,257 thousand at 31 December 2023).
Fees paid to executives with strategic responsibilities: fees paid to the Chairperson and CEO in 2024 totalled € 1,350 thousand.
As the parent company, the Company adheres to tax consolidation, together with its subsidiaries Burgo Distribuzione S.r.l., Burgo Energia S.r.l., Gever S.p.A. in liquidation, Mosaico S.p.A. and Burgo Factor S.p.A. The first four subsidiaries also participate in group VAT liquidation pursuant to article 73 of Italian Presidential Decree 633/72 and the Italian Ministerial Decree of 13 December 1979.

Disputes

Legal disputes

At present, the Company is not involved in any legal disputes that could have a noticeable effect on its accounts. For all disputes in which a loss for the company is probable, a provision which adequately covers the entire risk is allocated.

Tax disputes

Also, with regards to tax disputes, the Company is not currently involved in any disputes which could have a significant impact and are worthy of note.

Significant events after year end

After a year characterised by persisting geopolitical uncertainties linked to the ongoing wars and macro-economic tensions, in 2025 these uncertainties remain and are further exacerbated by the probable effects of the policies adopted by the new US administration, which are likely to have a significant impact on geopolitical, economic and financial dynamics.

During the initial months of 2025, the Company continued to carry out its business without any significant transactions or events. There are no further events to report.

Proposal for approval of the financial statements and destination of the profits for the year

The financial year ended on 31 December with profits of € 73,417,121.25.
The Board of Directors proposes the following profit allocation for 2024 to the Shareholders' Meeting of Burgo Group S.p.A.: carry over of the total profit for € 73,417,121.25.

Other information

Number of employees	Start of year	Year end	Average 2023	Average 2024
Executives	26	28	26	28
Office Workers	305	289	304	297
Manual Workers	762	745	770	754
Temporary Workers	15	26	27	24
	1,108	**1,088**	**1,127**	**1,103**

Disclosure for transparency in public subsidies, required by Italian Law 124/2017, article 1, paragraphs 125-129, as amended

Law no. 124 of 2017 (the annual market and competition law) introduced new disclosure requirements relative to transparency in public subsidies received and granted, in article 1, paragraphs 125-129.
The following schedule provides information about grants and other economic advantages received from Italian public administrations during 2024:

Contributions and subsidised rate loans

Granting entity	Purpose	Subsidised rate	Amount financed
Ministry of Economic Development	Agrifood grant for Project at Avezzano Plant for "New White Top-Liner paper production for corrugated packaging"		Total amount of € 230 thousand disbursed in 2024, € 69 thousand still outstanding.
Ministry of Economic Development	Subsidised rate loan Agrifood for Project at Avezzano Plant for "New White Top-Liner paper production for corrugated packaging"	annual fixed rate 0.13%	Total amount of € 216 thousand disbursed in 2024, € 61 thousand still outstanding.

Note that on the basis of the most authoritative interpretations of the stated law, any payments, general measures or tax subsidies which can be used by all companies or generally by companies within specific sectors, such as the paper sector or sector of heavy energy user companies, were not considered.

Information about the financial risk management policy

The following information, pursuant to current accounting standard IFRS 7, is aimed at illustrating the impact that financial instruments have on the amount of risk exposure, providing details on measurements and mechanisms that the company has implemented to manage this exposure.

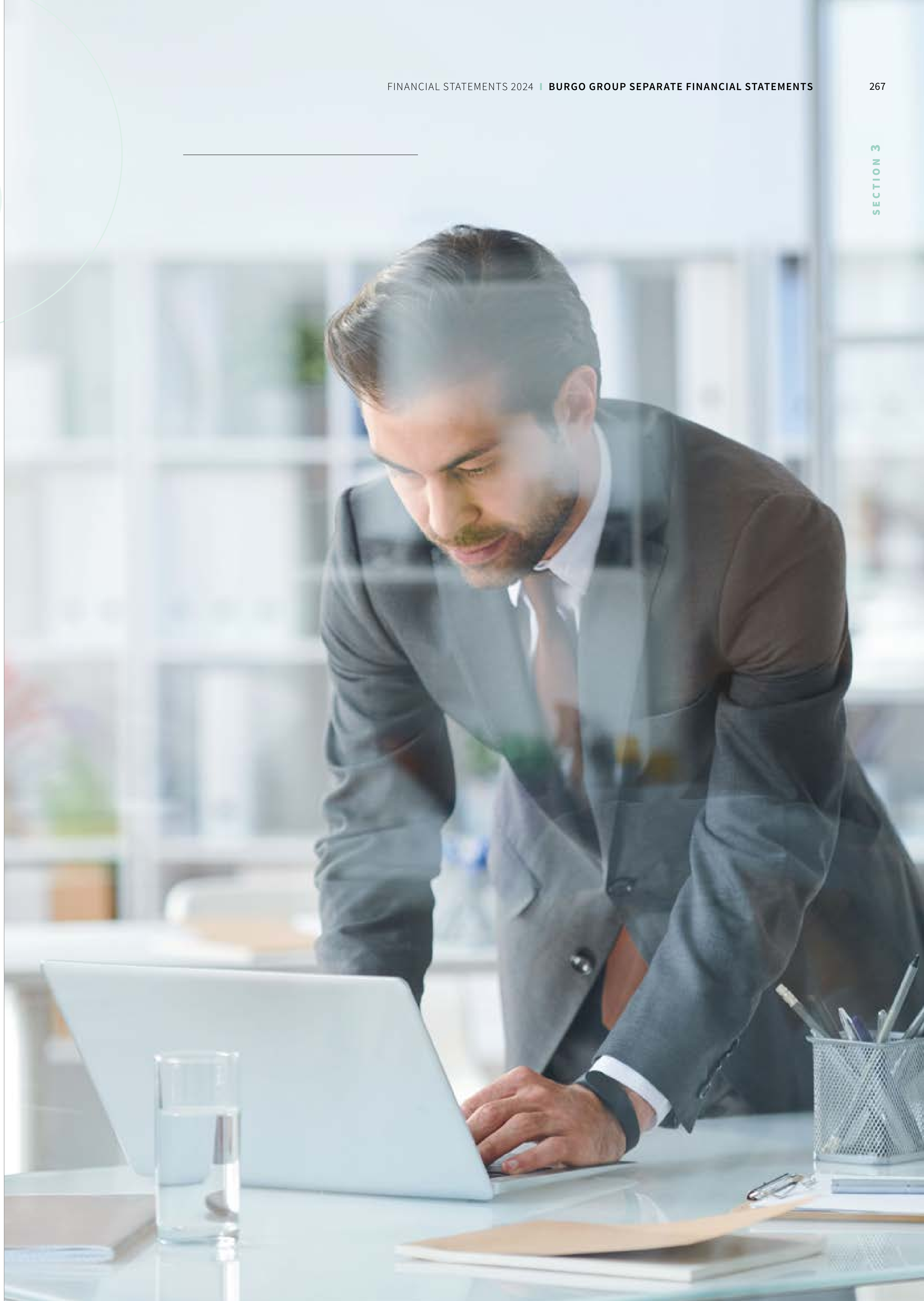
Significance of financial instruments relative to the equity and financial situation and economic result

Below is information regarding the significance of financial instruments relative to the equity situation and the economic result is provided separately.

Significance of financial instruments to the equity and financial situation

The following table shows the book value recognised for each financial asset and liability in the statement of financial position.

Financial instruments €/000	**31 Dec 2023**	**31 Dec 2024**
	Book value	**Book value**
Trade receivables and other receivables	154,061	121,181
Financial receivables	38,914	34,091
Cash and cash equivalents	243,709	251,224
Derivatives:		
Assets	144	977
Liabilities	(1,632)	(3,864)
Lending from banks	(77,485)	(67,197)
Right of use liabilities	(1,235)	(3,269)
Loans from associated companies	(96,008)	(85,090)
Trade payables and other payables	(246,447)	(182,554)
Current loans from associated companies	(79,256)	(101,540)
Payables due to banks	(1,729)	(1,416)
	(66,963)	**(37,459)**



The reconciliation between the balance sheet items of financial assets and liabilities and the categories provided for their recognition under IFRS 7 is shown below:

€/000	Derivatives designated as hedging instruments (assets)	Financial assets valued at amortized cost	Derivatives designated as hedging instruments (liabilities)	Financial liabilities recognised at amortized cost	31 Dec 2024
Trade receivables and other receivables	-	121,181	-	-	121,181
Financial receivables	-	34,091	-	-	34,091
Derivatives: assets	4,513	-	-	-	4,513
Total financial assets	**4,513**	**155,271**	**-**	**-**	**159,784**
Derivatives: liabilities	-	-	(3,864)	-	(3,864)
Lending from banks	-	-	-	(67,197)	(67,197)
Right of use liabilities	-	-	-	(3,269)	(3,269)
Loans from associated companies	-	-	-	(85,090)	(85,090)
Bonds and converting loans	-	-	-	(182,554)	(182,554)
Trade payables and other payables	-	-	-	(101,540)	(101,540)
Payables due to banks	-	-	-	(1,416)	(1,416)
Total financial payables	**-**	**-**	**(3,864)**	**(441,067)**	**(444,931)**

€/000	Derivatives designated as hedging instruments (assets)	Financial assets valued at amortized cost	Derivatives designated as hedging instruments (liabilities)	Financial liabilities recognised at amortized cost	31 Dec 2023
Trade receivables and other receivables	-	154,061	-	-	154,061
Financial receivables	-	38,914	-	-	38,914
Derivatives: assets	9,319	-	-	-	9,319
Total financial assets	**9,319**	**192,975**	**-**	**-**	**202,294**
Derivatives: liabilities	-	-	(1,632)	-	(1,632)
Lending from banks	-	-	-	(77,485)	(77,485)
Right of use liabilities	-	-	-	(1,235)	(1,235)
Loans from associated companies	-	-	-	(96,008)	(96,008)
Bonds and converting loans	-	-	-	(246,447)	(246,447)
Trade payables and other payables	-	-	-	(79,256)	(79,256)
Payables due to banks	-	-	-	(1,729)	(1,729)
Total financial payables	**-**	**-**	**(1,632)**	**(502,159)**	**(503,791)**

Note that the amounts shown under the "derivatives" item include all derivatives recognised using hedge accounting rules, regardless of the nature of risk hedged against, and any derivatives for which the company did not make use of the right to use hedge accounting and derivatives recognised at fair value through profit and loss.
The analysis below shows the portion of derivatives designated as hedges against the specific risk analysed, on a case-by-case basis.
In analysing liquidity risk, only derivatives which hedge against financial liabilities are included, excluding positions which hedge against commodity risk.
After summarising the criteria and financial models used to estimate the fair value of the financial instruments shown above, further details will be provided about the individual financial items.

Derivatives

In general, the fair value of derivatives is determined on the basis of market prices, if available. If this reference is not available/accessible, fair value estimates are made on the basis of standard financial algorithms.
In particular, the fair value of forward exchange rate and commodity derivatives is calculated by discounting the difference between the contractual price and the end price, redetermined on the basis of market conditions on the reporting date.
As at 31 December the Company had derivative positions on currency exchange and commodities such as gas and EUA emission rights.
For interest rate derivatives, when recognised, different models are used based on the type of instrument being evaluated. In particular:

- for interest rate swaps, the discount cash flow model is used. Fair value is determined by discounting estimated future cash flows on the basis of interest rate conditions at the reporting date;
- the Black & Scholes model is used for collars. Use of this model is common practice and makes it possible to assess the fair value of the option, quantifying the probability of receiving a positive payoff.

In some cases, the Company used appropriately verified and confirmed counterparties to determine the fair value of valuation interest rate derivative positions.
As at 31/12/2024 the company holds interest rate derivative positions to hedge the interest rate risk arising from medium and long-term loan agreements.

Fair value hierarchy according to IFRS 13

Financial instruments at fair value according to IFRS 13, measured on the basis of the quality of the input sources used in the valuation, are classified according to the hierarchy below:

- Level 1: fair value measurement based on unadjusted quoted prices in active markets for identical assets or liabilities. The category includes all instruments used by the Group to operate directly in active markets (e.g, futures);
- Level 2: fair value measurement based on inputs other than those included in “Level 1” that are directly or indirectly observable futures markets);
- Level 3: fair value measurement based on assessment models that do not use inputs based on observable markets (unobservable inputs).

€/000	31 Dec 2023		31 Dec 2024	
	Book value	Fair value	Book value	Fair value
Financial assets				
Current financial assets	9,175	9,175	3,536	3,536
Current assets	144	144	977	977
Non-current assets	0	0	0	0
	9,319	**9,319**	**4,513**	**4,513**
Financial liabilities				
Current financial liabilities	0	0	0	0
Current liabilities	(1,632)	(1,632)	(3,864)	(3,864)
Non-current liabilities	0	0	0	0
	(1,632)	**(1,632)**	**(3,864)**	**(3,864)**

€/000	31 Dec 2024		
	Level 1	Level 2	Level 3
Financial assets			
management of interest rate risk	0	3,536	0
management of exchange rate risk	0	0	0
management of commodity risk	0	977	0
	0	**4,513**	**0**
Financial liabilities			
management of interest rate risk	0	0	0
management of exchange rate risk	0	0	0
management of commodity risk	0	(3,864)	0
	0	**(3,864)**	**0**

€/000	31 Dec 2023		
	Level 1	Level 2	Level 3
Financial assets			
management of interest rate risk	0	9,175	0
management of exchange rate risk	0	0	0
management of commodity risk	0	144	0
	0	**9,319**	**0**
Financial liabilities			
management of interest rate risk	0	0	0
management of exchange rate risk	0	0	0
management of commodity risk	0	(1,632)	0
	0	**(1,632)**	**0**

Details on financial risk hedging instruments

As part of its financial risk management processes the Company stipulates derivative contracts. Although these derivatives are traded solely for hedging purposes, not all transactions are subject to hedge accounting rules.

Details on market risk hedging instruments

Among commodity exposures, price risk deriving from volatility in electricity, has and emission rights purchase prices was partially managed through the establishment of commodity swaps, recognised based on hedge accounting rules, and in part through setting prices with counterparties.
Among commodity exposures, price risk deriving from volatility in the purchase prices of gas was managed by signing contracts that set prices to be paid with counterparties.
As shown in the "financial instruments" table, the fair value of derivatives generated financial assets of € 977 thousand (€ 144 in 2023) and financial liabilities for € 3,864 (€ 1,632 thousand in 2023).

Investments in equity instruments

The fair value of equity instruments held to maturity and financial assets measured at FVOCI is determined on the basis of official stock market listings obtained on the reporting date.

Debt securities

The value of debt securities is calculated by adding together the current values, determined on the reporting date, of all future cash flows, including capital and interest. To quantify the portion of interest held in indexed instruments, the rate curve available at the reporting date was used.

Capital management

No risks nor significant information was identified relative to capital management.

Financial assets

The tables below provide a breakdown of financial assets.

Non-current financial assets €/000	**31 Dec 2023**	**31 Dec 2024**
Loans and receivables	19,924	19,091
	19,924	**19,091**

Current financial assets €/000	**31 Dec 2023**	**31 Dec 2024**
Loans and receivables	163,876	132,644
Cash and cash equivalents	243,709	251,224
Current derivative assets	144	977
Current derivative financial assets	9,175	3,536
	416,904	**388,381**

Loans and receivables include trade receivables, financial receivables due from subsidiaries, receivables due from social security entities, receivables due from tax authorities and sundry receivables.

Financial liabilities

The table below provides a breakdown of financial liabilities.

Non-current financial liabilities €/000	**31 Dec 2023**	**31 Dec 2024**
Lending from banks	(66,477)	(15,995)
Loans from associated companies	(83,746)	(14,345)
Right of use liabilities	(620)	(2,564)
	(150,843)	**(32,904)**

Current financial liabilities €/000	**31 Dec 2023**	**31 Dec 2024**
Lending from banks	(11,008)	(51,202)
Loans from associated companies	(91,517)	(172,285)
Derivatives	(1,632)	(3,864)
Right of use liabilities	(615)	(706)
Payables due to banks	0	(0)
Trade payables and other payables	(248,177)	(183,970)
	(352,948)	**(412,027)**

Other additional information

The Company did not carry out any reclassification of financial assets, changing the measurement criteria relative to the same. Consequently, no remeasurement was done. Additionally, no assets were transferred that did not involve elimination from the accounts.

Impact of financial instruments on the annual income statement

To highlight the impact financial instruments, have on the result for the year, the following tables are provided.

Financial income and expenses recognised in the consolidated income statement €/000	**31 Dec 2023**	**31 Dec 2024**
Interest income from current account	4,247	7,754
Financial income from derivative valuation	705	-
Exchange gains	512	23
Other income	927	1,692
	6,391	**9,470**
Interest expenses from current account	(874)	(1,256)
Interest expenses on mortgages	(5,286)	(5,363)
Charges due to suppliers	(0)	(0)
Factoring commissions	(1,356)	(1,758)
Financial expenses from measurement of derivatives	-	(446)
Exchange losses	0	-
Other expenses	(2,357)	(1,759)
	(9,872)	**(10,582)**
Dividends from subsidiaries and associated companies	52,614	55,726
Net income (expenses) from discounting	(411)	(224)
	48,722	**54,390**

Income components recognised to Shareholders' Equity €/000	**31 Dec 2023**	**31 Dec 2024**
Change in cash flow hedge reserve	(2,724)	(2,154)
	(2,724)	**(2,154)**

Note that the change in the Cash Flow Hedge reserve is shown net of deferred taxes accruing during the year.

Credit Risk

This section describes credit risk exposures and methods used to manage them in qualitative and quantitative terms.

Risk exposure

As of the reporting date, the Company's exposure to credit risk was as follows:

Exposure to credit risk €/000	**31 Dec 2023**	**31 Dec 2024**
Trade receivables and other receivables	183,800	151,735
Cash and cash equivalents	243,709	251,224
	427,509	**402,959**

Trade receivables and impairment of receivables

Positions are subject to individual impairment when an objective situation of partial or full non-collectability is determined, if individually significant. Relative to receivables not subject to individual impairment, provisions are allocated on a collective basis, taking historical experience and statistical data into account.

Changes in the provision for impairment of trade receivables are summarised in the table below:

Provision for impairment of financial assets €/000	**31 Dec 2023**	**31 Dec 2024**	**Change**
Balance at start of period	(30,050)	(24,815)	5,235
Uses	5,235	2,542	(2,693)
Provisions	-	-	-
	(24,815)	**(22,273)**	**2,542**

Concentration of credit risk

There are no risks deriving from concentration of credit, as shown in the table below.

Breakdown of risk by customer type €/000	**31 Dec 2023**	**31 Dec 2024**
End consumers	54,500	38,510
Other group companies	92,012	83,050
Credit institutions	246,056	253,858
Tax authorities	8,738	6,531
Others	26,204	21,011
	427,509	**402,959**

Credit risk management methods

Trade receivables and other receivables

Within the context of its normal credit management activities through the dedicated department, the Company has instituted an internal credit risk management process with the aim of defining every customer's creditworthiness and carefully monitoring credit limits and overdue items. Regarding measurement of creditworthiness, functional to assignment of credit and the creation of commercial relationships, internal procedures require the collection and analysis of qualitative and quantitative information. Customer credit levels are periodically reviewed using a process that also makes use of historic solvency information. Customers are classified based on a two-level scoring system, that differentiates between reliable and non-reliable customers. At-risk customers are subject to strict controls and any future orders are only fulfilled after approval by the Credit Committee. Risk control is based on constant analysis of customers with overdue items or who have exceeded their credit limits, monitored daily for activation of corrective actions, which range from blocking orders to legal action. In 2024, the company covered itself against credit risk relative to Italian customers by stipulating a credit insurance contract with major insurance companies.

Financial investments

The company limits its exposure to credit risk by exclusively investing in securities with high liquidity and only with counterparties recognised as reliable by the market. As at 31 December 2024 the company had no security exposures. Additionally, financial assets also include managed savings investments made with Italian banks known to be reliable.

Guarantees

Company policies allow for the issuing of financial guarantees for associated companies.

Market Risk

Market risk is defined as the possibility that the fair value or cash flows associated with a given financial instrument fluctuate as a consequence of changes in market variables, such as exchange rates, interest rates, raw materials prices or stock market prices.
The market risk to which the Company was exposed during the year just ended can be classified as follows:

- exchange risk;
- interest rate risk;
- commodity risk.

Below is an analysis of the significance of these risks and the methods used to manage them.

Exchange risk

The Company holds some of its trade receivables/payables in currencies other than the euro, and also has short-term loans in foreign currencies.
The exchange risk management policy establishes that derivatives should only be used to hedge against risk. Derivatives existing at 31 December 2024 used to manage exchange risk include only futures contract to purchase/sell foreign currencies. Even if these serve hedging purposes, these derivatives are not recognised using hedge accounting, as the rigidity of this treatment would negative impact the operational efficiency of the hedges.
The foreign currencies used by the Company are NOK, DDK, SEK, CHF, JPY, PLN, AUD, GBP and USD, with the final three representing almost the entirety of trade items in foreign currencies.

Sensitivity analysis relative to exchange risk

In order to measure the possible effects of changes in the exchange rate obtained at the reporting date on the statement of financial position and annual income statement, a variation in the value of the euro with respect to the reference foreign currencies at 31 December 2024 was hypothesised.
Specifically, a 10% upward and downward shock in the euro exchange rate was applied, recognising the additional profit or loss with respect to the market scenario to risky items, which in this case were represented by trade payables and receivables and exchange rate derivatives.

Since the exchange rate derivatives are not recognised using hedge accounting, the impact of these transactions - similar to trade payables/receivables - is seen solely in the profit or loss for the year and hence in the annual income statement.
The net impact on the result from the year deriving from a +/- 10% shock would have been, respectively, € -518 thousand (€ -1,306 thousand in 2023) and € +633 thousand (€ +1,596 thousand in 2023).

Exchange risk management methods

In relation to sales activities, the Company makes purchases and sales other currencies, at present mainly in USD, GBP and AUD. Therefore, hedging policies are mainly focused on stipulating futures contracts against the euro.
Additionally, other currencies are periodically monitored, which may be used in invoices on a continuous or occasional basis.

General aspects

Hedges are carried out on the basis of estimates of future financial flows in currencies on the basis of invoices payable and receivable and taking budget and/or forecasts into account.

Exchange risk management policies

The special nature of the Company's business allows it to make forecasts relative to financial issues relative to flows in foreign currencies. Estimates of flows must meet all the formal requirements relative to amount, currency, date of manifestation and status relative to the probability of manifestation, necessary when producing exposure measurements.
Exchange risk hedging transactions are carried out in compliance with cash flow hedge principles, which amount to neutralising the effects induced by changes in the exchange rate on the value in euro of cash flows denominated in foreign currencies.
Hedging policies are managed exclusively by forward contracts and options relative to exchange rates, to guarantee more flexible coverage with respect to forward contracts.
Currently, exposure to exchange rate derivatives falls within the forward category.

Interest rate risk

Financial liabilities which expose the Company to interest rate risk are medium/long-term variable rate loans.
In terms of assets, items sensitive to interest rate risk are:

- a loan to a subsidiary indexed to the variable 6-month Euribor rate;
- shareholders' loans to a company in which an equity investment is held, classified among equity investments in other companies.

These assets are classified as "held to maturity" and do not generate effects on the annual income statement/statement of financial position if not due to effects of cash flows received (financial income), discounting of their value or any lasting losses of value which make recognition of impairment necessary.
The table below identifies positions subject to interest rate risk.

Positions with interest rate risk €/000	**31 Dec 2023**	**31 Dec 2024**
Fixed rate financial instruments		
Fixed rate loans	(322)	(170)
	(322)	**(170)**
Variable rate financial instruments		
Financial assets		
Non-current security deposits	10,174	10,938
Financial instruments with positive FV	9,319	4,513
Loans to associated companies	2,800	2,800
Loans to others	6,950	5,352
Financial liabilities		
Derivatives with negative FV	(1,632)	(3,864)
Variable rate loans	(173,171)	(152,116)
Current account advances	(1,729)	(1,416)
Right of use liabilities	(1,235)	(706)
	(148,524)	**(134,499)**
	(148,845)	**(134,670)**

Sensitivity analysis relative to interest risk

Analysis was done to determine the impacts of a +/- 100 basis point shift in the estimated interest rate curve at 31 December 2024 on the annual income statement and statement of financial position.
Analysis was done supposing that the other variables, in particular exchange rates, remained constant and was done using the same suppositions as in the previous year.
As at 31 December 2024 the Company held interest rate swap derivatives.
As at 31 December 2024, hedging instruments had a notional value of € 151 million (€ 171 million at year-end 2023) and provided almost full coverage of the medium- and long-term payables that form the majority of the Company's debt. As a result, the effect on the result for the year of variable-rate indexed assets and liabilities is not significant.

Interest risk management methods

General aspects

In the context of its own economic production, which is capital intensive, the Company makes investments for production purposes by taking out loans. In this context, it carries out cash flow hedge transactions, which serve to neutralise the effects of an increase in the rates on the cost the Company must pay to service its debts. The general objectives of a hedging operation therefore can be summarised as transforming the cost of a variable rate debt to the cost of a fixed rate debt, or to reduce the extent to which it is variable.

Interest risk management policies

Medium/long-term hedges are organised on the basis of projections over a multi-year period prepared on the basis of economic and financial budgets and cash flow projections, as well as the net financial position. The amount hedged may vary between 0% to 100% of the notional value of the instrument hedged and be structured for a period of time that in general ranges from a minimum of 3 years to a maximum of 6 years (up to the current maximum maturity of the loans).

Commodity risk

For the company, commodity risk mainly exists for purchases of gas and, to a lesser extent, for purchases/sales of electricity and purchases of rights to issue carbon dioxide.

Gas and electricity price risk

In order to supply its various plants with the electricity necessary for production, the Company has various contracts to purchase gas. Given the variable nature of the price of the commodity, the Company suffers risk deriving from fluctuations in the supply prices which it can partially protect itself from by setting prices with counterparties.

At 31 December 2024, the Company had gas purchases with the following characteristics in effect:

- fixed price purchases;
- variable price purchases on the basis of the spot gas price recorded on the Italian PSV market.

In order to supply its various plants with the electricity necessary for production, the Company has a contract to purchase electricity through its subsidiary Burgo Energia S.r.l. Given the variable nature of the price of electricity, the Company suffers risk deriving from fluctuations in the supply prices which it can partially protect itself from by using derivatives and by setting prices with counterparties. At 31 December 2024, the Company had no fixed price electricity purchases.

Carbon dioxide emission rights price risk

In order to supply its various plants with the rights to emit carbon dioxide required to comply with the obligations deriving from the ETS scheme, the Company has signed purchase contracts with the subsidiary Burgo Energia S.r.l. Given the variable nature of the price of the commodity, the Company suffers risk deriving from fluctuations in the supply prices which it can partially protect itself from by using derivatives and by setting prices with counterparties. Derivative financial instruments on commodities outstanding at the end of the year were accounted for using hedge accounting, in accordance with IFRS 9.

Sensitivity analysis relative to commodity risk

In order to measure the possible effects of changes in the value of carbon dioxide emission rights, in the statement of financial position and annual income statement, a +/-10% change in the value of EUA prices was hypothesised at 31 December 2024. The impact on the annual income statement deriving from this type of shock would be € -0.3 million (€ -0.3 million as at 31 December 2023) and € +0.3 million (€ +0.3 million as at 31 December 2023). Sensitivity analysis is not done for gas and electricity price risk, because all the assets and liabilities recorded in the Financial Statements as at 31 December 2024 associated with these are recognised at a fixed price.

Commodity risk management methods

General aspects

The Company's strategic objective is to stabilise profit margins in terms of reducing risks associated with volatility in electricity purchase/sales prices and purchase prices of materials used in production processes, in order to minimise exposure to the correlated risk and losses. With an eye to continuously reducing loss risks, the Company has the simultaneous objective of minimising costs associated with obtaining its production factors.
When negotiating financial contracts for raw materials, the Company does not have the ability to take risk positions on the commodities market. These contracts will have the sole purpose of reducing the risk of an increase in the purchase prices of the production factors used in production processes.
Relative to risk monitoring, the Company applies a quantitative measure for risks, both with reference to analysing exposures and to measuring the efficacy of derivatives negotiated for hedging purposes.

Commodity risk management policies

Management of risks associated with oscillations in the prices of commodities includes the involvement of several administrative departments within the Company. These include, in addition to those already cited, the Purchasing Department and the Sales Department. In determining its hedging strategy and with reference to the various types of supply contracts, the Company implements mitigation strategies with the objective of stabilising its profit margin.
With reference to the procedures used to estimate exposure to risks associated with commodities, the following elements are considered:

- nominal quantities, that it is the quantity recognised within physical and financial contracts;
- fair value/stop loss, that is the amount calculated on the basis of the current value of future financial flows generated by the contract as a function of price indexing rules. Stop loss identifies the largest sustainable loss in terms of fair value. In addition to this threshold, the position must also be closed with a symmetrical contract in the opposite direction;
- the change in the value of the position following a marginal variation in the price of energy (only for variable price contracts);
- the change in the value of the position following a marginal variation in the price of the commodities (only for indexed price contracts).

Liquidity Risk

Liquidity risk is the risk that the Company will have difficulty complying with its future obligations relative to financial liabilities. Risk analysis is done with the aim of quantifying cash flows deriving from the various types of financial liabilities held by the Company at 31 December 2024, at each contractual repayment date.
Financial liabilities have been broken down into non-derivative financial liabilities and derivative financial liabilities, based on their nature. For the latter, given the difference in accounting treatment, it was necessary to carry out a further classification based on whether the derivative is classified as a hedging instrument according on the accounting standards.
Relative to cash flow maturities, given the nature of the Company's monetary cycle it was held expedient to group payments into half-yearly payment buckets.
Below is a summary of analysis done on derivative financial liabilities and non-derivative financial liabilities, at 31 December 2024.

31 Dec 2024 €/000	**Book value**	6 months or less	7-12 months	2-3 years	4-5 years	Over 5 years
Non-derivative financial liabilities:						
Loans	152,287	16,968	103,323	31,995	-	-
Trade payables and other payables	182,554	182,554	-	-	-	-
Right of use liabilities	3,269	353	353	1,150	822	592
Derivative financial liabilities:						
Derivatives	3,864	1,932	1,932	-	-	-
Currency futures contracts	-	-	-	-	-	-
	341,974	**201,807**	**105,608**	**33,146**	**822**	**592**

Liquidity risk management methods

General aspects

The Company's approach to liquidity management is aimed at guaranteeing, as much as possible, that there are always sufficient funds available to comply with obligations when maturity dates are reached.

Liquidity risk management policies

The Company performs liquidity analysis as a function of budget forecasts, determining short, medium and long-term cash flows. Estimates are periodically reviewed to ensure there is adequate on demand cash and cash equivalents to cover operating expenses forecast for the short term (around 3 months). For short-term financial needs, credit lines are available totalling around € 201.5 million, and as of 31 December 2024 were used for a total of around € 35.8 million or 18%, all in relation to unsecured lines. Please refer to the section on significant events after the end of the year for information about developments in the availability of short-term credit lines. For its long-term financial needs, the Company's loans recorded on the statement of financial position, both for the short-term and long-term portion, came to € 152 million (€ 173 million as at 31 December 2023). Loans are valued at amortized cost, the nominal value of which is € 154 million.

Report of the independent auditing firm

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Burgo Group S.p.A.

Financial statements as at December 31, 2024

Independent auditor's report pursuant to article 14 of
Legislative Decree n. 39, dated 27 January 2010

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EY S.p.A.
Via Isonzo, 11
37126 Verona

Tel: +39 045 8312511
Fax: +39 045 8312550
ey.com

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010

To the Shareholders of
Burgo Group S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Burgo Group S.p.A. (the Company), which comprise the statement of financial position as at December 31, 2024, the income statement, the statement of comprehensive income, the statement of changes in Shareholders' Equity and the cash flow statement for the year then ended, and the explanatory notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.
We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

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

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

EY S.p.A.
Sede Legale: Via Meravigli, 12 – 20123 Milano
Sede Secondaria: Via Lombardia, 31 – 00187 Roma
Capitale Sociale Euro 2.975.000 i.v.
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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and 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 have 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 Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of 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 Company'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 financial statements or, if such disclosures are inadequate, to consider this matter in forming 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 Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

We have 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 identify during our audit.

Report on compliance with other legal and regulatory requirements

Opinion and statement pursuant to article 14, paragraph 2, subparagraph e), e-bis) and e-ter) of Legislative Decree n. 39 dated 27 January 2010

The Directors of Burgo Group S.p.A. are responsible for the preparation of the Report on Operations of Burgo Group S.p.A. as at December 31, 2024, including its consistency with the related financial

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statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to:

- express an opinion on the consistency of the Report on Operations, with the financial statements;
- express an opinion on the compliance of the Report on Operations with the applicable laws and regulations;
- issue a statement on any material misstatements in the Report on Operations.

In our opinion, the Report on Operations is consistent with the financial statements of Burgo Group S.p.A. as at December 31, 2024.

Furthermore, in our opinion, the Report on Operations complies with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e-ter), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Verona, April 11, 2025

EY S.p.A.
Signed by: Daniele Tosi, Auditor

This report has been translated into the English language solely for the convenience of international readers.

Report of the board of statutory auditors

Burgo Group S.p.A.

Registered office in Altavilla Vicentina (prov. Vicenza)

Share capital € 90,000,000.00 fully paid up

Tax ID and Vicenza Business Registry no.: 13051890153

BOARD OF STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS' MEETING

pursuant to article 2429, paragraph 2 of the Italian Civil Code

Dear Shareholders,

This report was approved by the Board today, in time for it to be filed at the Company's registered offices within 15 days prior to the date of the first call of the Shareholders' Meeting to approve the financial statements commented on herein.

In this way, the administrative body made available, on 27 March 2025, the following documents relative to the financial year ending on 31 December 2024:

- the draft financial statements, accompanied by the Explanatory Notes;
- the report on operations;
- the consolidated financial statements.

The layout of this report is similar to that used the previous year and is inspired by the law and integrated on the basis of Standard No. 7.1 of the "Norme di comportamento del collegio sindacale di società non quotate" [Code of Conduct for Boards of Statutory Auditors of Unlisted Companies], issued by Italy's National Council of Chartered Accountants and Accounting Experts (CNDCEC) and in effect since 12 January 2021.

General introduction

The Board of Statutory Auditors notes that the administrative body did not prepare the explanatory notes making use of the "XBRL taxonomy". The Company is exempt from this requirement, as it prepares its annual financial statements on the basis of the provisions of Italian Legislative Decree 38/2005, implementing the International Financial Reporting Standards (IFRS).

Knowledge of the Company, assessment of risks and report on assignments

The Board of Statutory Auditors notes that "planning" of its supervisory activities was carried out by making use of the information it has acquired over time with reference to the type of business carried out by the Company, its organisational and accounting structure, and its size and issues.

It was thus possible to confirm that:

- the core business conducted by the Company did not change during the reporting year and is consistent with the Company's purpose;
- its organisational structure and IT structures and equipment remained essentially unchanged; Group employees, including temporary workers, at 31 December 2024 totalled 2,887, compared to 2,934 at the end of 2023. The parent company accounted for 1,088 employees, compared to 1,108 the previous year.

This report summarises activities relative to the disclosure required under article 2429, paragraph 2 of the Italian Civil Code and, more specifically:

- the results for the reporting year;
- the activity performed in fulfilment of the duties imposed by law;
- remarks and proposals concerning the financial statements, with particular regard to any use by the Administrative Body of exceptions pursuant to article 2423, paragraph 5 of the Italian Civil Code;
- any complaints received from the Shareholders pursuant to Article 2408 of the Italian Civil Code.

Supervisory activities

During its periodic checks, the Board of Statutory Auditors inquired into the course of the Company's business, with a particular focus on matters of a contingent and/or extraordinary nature, so as to identify their impact on the Company's operating performance and financial structure, in addition to any risks, such as risks deriving from losses on receivables, which were subject to regular monitoring.

As set out in the Report on Operations, the 2024 financial year shows an increase in total operating revenue and income from € 1,529.4 million in 2023 to € 1,533.2 million in 2024 (up by 0.2%), recording adjusted EBITDA of € 140.2 million, compared to € 157.3 million in 2023.

The Board of Statutory Auditors assessed the adequacy of the enterprise's organisational and functional structure and any changes in that structure with respect to the minimum needs established by operating performance.

Relations with persons operating within the aforementioned structure — directors, employees and external advisors — were guided by mutual collaboration, in accordance with the roles entrusted to each, with a clear understanding of those of the Board of Statutory Auditors.

For the entire year, it was determined that:

- internal administrative personnel tasked with recording company events remained essentially unchanged compared to the previous year;
- their level of technical competency remained appropriate to the nature of the ordinary operating events to be recorded and they have sufficient knowledge of the Company's concerns;
- external advisors and professionals assigned to provide accounting, tax, corporate and employment law assistance did not change and have long-standing knowledge of the business conducted and ordinary and extraordinary management concerns that affected the results presented in the financial statements.

The information required under article 2381, paragraph 5 of the Italian Civil Code was provided by the CEO even more frequently than the minimum schedule of every 6 months, both at the time of scheduled meetings with Board of Statutory Auditors members and through telephone contact/communications. From this it follows that the Executive Directors complied with the provisions of the cited regulation, both in substance and form.

In conclusion, to the extent it could be determined in the course of the activity performed, the Board of Statutory Auditors can state that:

- the decisions made by the Shareholders and Administrative Body were compliant with the law and the Articles of Association and were not manifestly imprudent or such as to definitively compromise the Company's financial integrity;
- sufficient information regarding the Company's general performance and future outlook, as well as the transactions undertaken by the company which, by extent or characteristics, are considered highly significant, has been obtained;
- the transactions undertaken were also compliant with the law and the Articles of Association and were not in potential conflict with the resolutions passed by the Shareholders' Meeting or such as to compromise the Company's financial integrity;
- there were no specific remarks on the adequacy of the Company's organisational structure, nor on the adequacy of its managing and accounting system, or the reliability of the latter in properly representing operating events;

- the information acquired by the Oversight Committee did not indicate any problems with respect to the current Organisational and Management Model that must be highlighted in this report;
- in performing our supervisory activity, as described above, no further material information or events that would require mention in this report have been identified;
- it was not necessary to take action in response to omissions by the Administrative Body pursuant to Article 2406 of the Italian Civil Code;
- no complaints were received pursuant to article 2408 of the Italian Civil Code;
- no complaints were made pursuant to article 2409, paragraph 7 of the Italian Civil Code;
- the Board of Statutory Auditors did not issue opinions during the year.

Annual financial statements

The draft financial statements for the year ending on 31 December 2024 was approved by the administrative body and consists of the profit and loss statement, comprehensive profit and loss statement, balance sheet and statement of changes in shareholders' equity, accompanied by the explanatory notes.

In addition:

- the Administrative Body also drafted the report on operations pursuant to article 2428 of the Italian Civil Code;
- these documents were delivered to the Board of Statutory Auditors within the terms pursuant to article 2429 of the Italian Civil Code;
- independent auditing was entrusted to EY S.p.A. which prepared its report pursuant to article 14 of Legislative Decree 39 of 27 January 2010, issued on 11 April 2024, which does not indicate any findings of significant deviations, negative judgements or the inability to express a judgement, nor any requests for information, meaning the judgement issued was positive.

We therefore examined the draft financial statements, with regard to which we provide the following additional information:

- the annual financial statements were prepared, as in the previous year, in application of the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") and approved by the European Union;
- the measurement criteria for assets and liabilities items were checked and were not found to be substantially different from those adopted in previous years, compliant with the provisions of article 2426 of the Italian Civil Code;
- attention was paid to the structure given to the draft financial statements, their general compliance with the law in terms of form and structure and to that end, there are no observations worthy of note in this report;
- we verified compliance with the provisions of law governing the preparation of the Report on Operations, and there are no remarks on this subject to be presented in this report;
- the administrative body, in preparing the financial statements, did not deviate from the law pursuant to article 2423, paragraph 5 of the Italian Civil Code;
- the financial statements were prepared by the administrative body with the assumption of the business as a going concern;
- it has been verified that the financial statements are consistent with the facts and information of which we are aware as a result of the performance of duties within the Board of Statutory Auditors' purview and we do not have any observations to submit to you on this regard;
- the information required under article 2427-bis of the Italian Civil Code was provided in the Explanatory Notes, relative to derivatives and for financial fixed assets recognised in amounts exceeding their fair value.

Result for the year

The net result for the year ascertained by the administrative body for the year ending on 31 December 2024 is a profit of € 73,417,000 (€ 54,899,000 in the Consolidated Financial Statements).

Conclusions

On the basis of that stated and that brought to the attention of the Board of Statutory Auditors, as well as that determined during the periodic checks performed, and considering the results of the activities carried out by the independent auditing firm, as contained in their report, to which the reader is referred, the Board of Statutory Auditors unanimously holds that there are no reasons to oppose the approval of the draft financial statements for the year ending at 31 December 2024, as prepared and proposed to you by the Administrative Body, together with the proposed allocation of the result for the year.

Vicenza, 11 April 2025

The Board of Statutory Auditors

Gaetano Terrin

Roberto Spada

Fedele Gubitosi

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Burgo Group SpA
Via Piave 1 - 36077
Altavilla Vicentina (VI) Italy
www.burgo.com