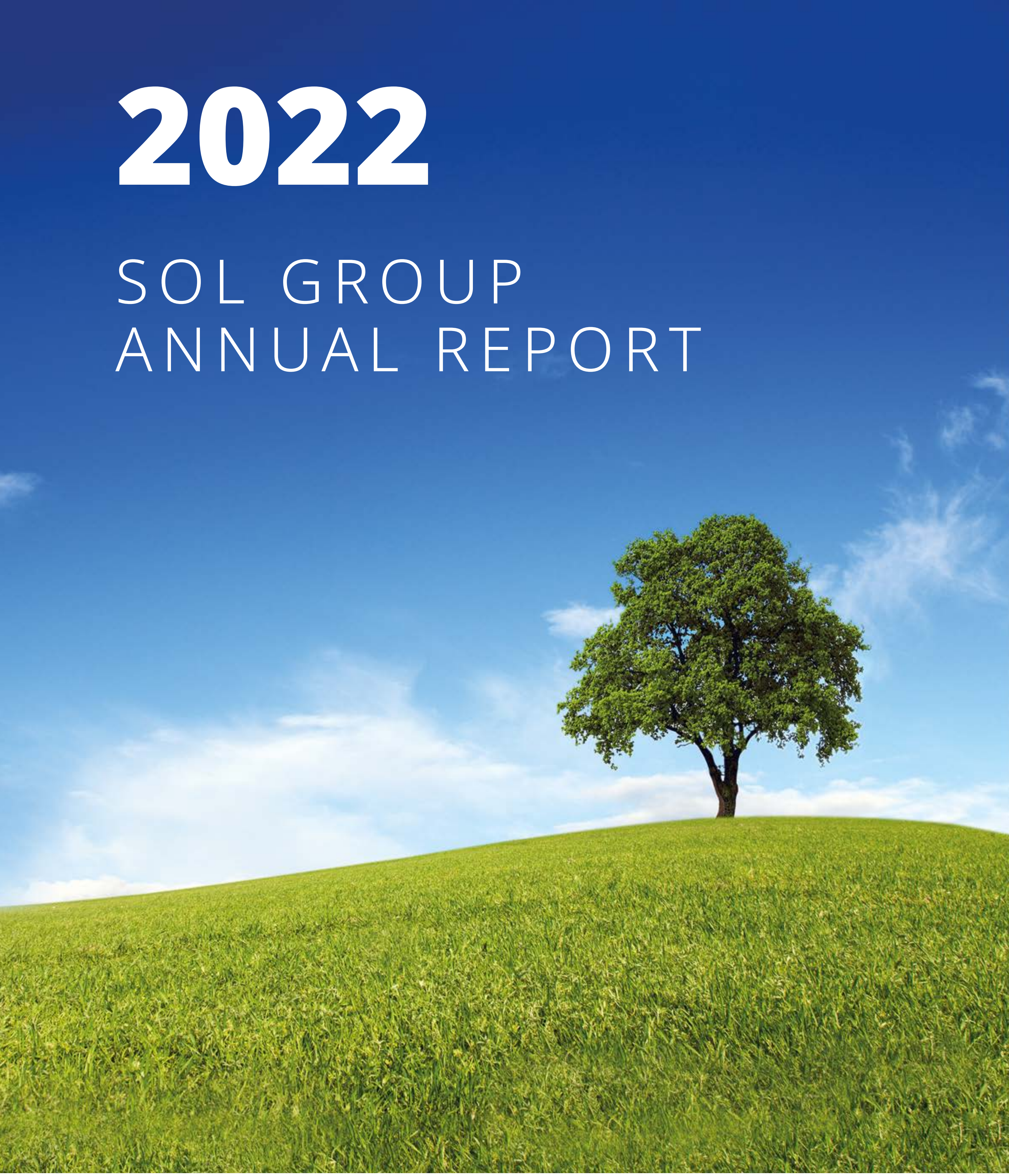
2022

SOL GROUP ANNUAL REPORT



SOLGROUP
a breath of life

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SOL Spa

Registered office
Via Borgazzi, 27
20900 Monza - Italy

Share Capital
Euro 47,164,000.00 fully paid-up

Tax Code and Register of Companies of Milan, Monza Brianza, Lodi
under n° 04127270157
R.E.A. n° 991655
C.C.I.A.A. Milano, Monza Brianza, Lodi

Responsible Care®
OUR COMMITMENT TO SUSTAINABILITY

BOARD OF DIRECTORS

Chairman and Managing Director
Aldo Fumagalli Romario

Deputy Chairman and Managing Director
Marco Annoni

Director with special powers
Giovanni Annoni

Director with special powers
Giulio Fumagalli Romario

Directors
Alessandra Annoni
Duccio Alberti
Cristina Grieco (Independent)
Anna Gervasoni (Independent)
Antonella Mansi (Independent)
Elli Meleti (Independent)
Erwin Paul Walter Rauhe (Independent)

GENERAL MANAGER

Andrea Monti

BOARD OF STATUTORY AUDITORS

Chairman
Giovanni Maria Alessandro Angelo Garegnani

Regular auditors
Alessandro Danovi
Livia Martinelli

Alternate Auditors
Maria Gabriella Drovandi
Alessandro Manias

AUDITING COMPANY

DELOITTE & TOUCHE Spa
Via Tortona n. 25
20144 Milan

POWERS GRANTED TO THE DIRECTORS

(CONSOB Communication No. 97001574 dated February 20, 1997)

To the Chairman and Deputy Chairman: the legal representation of the Company in dealings with third parties and before the legal authorities; powers of ordinary management acting severally; powers of extraordinary management, acting jointly, it being understood that for the execution of the related acts the signature of one of the two with the written authorisation of the other is sufficient; exception is made for certain specific acts of particular importance reserved for the competence of the Board.

To Directors with special appointments: powers of ordinary administration relevant to Legal and Corporate Business (Giulio Fumagalli Romario) and the Organisation of Information Systems (Giovanni Annoni) with single signature.

MANAGEMENT REPORT SOL GROUP

INTRODUCTION

This Annual Financial Report as at December 31, 2022 is drawn up pursuant to Article 154 ter of Italian Legislative Decree 58/1998 and prepared in accordance with the *International Accounting Standards* (*IFRS*) issued by the *International Accounting Standard Board* (*IASB*) recognised by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002, as well as with the implementation regulations set out in Article 9 of Italian Legislative Decree no. 38/2005. These *IFRS* principles also include all revised international accounting standards ("*IAS*") and all of the interpretations of the *International Financial Reporting Interpretation Committee* (*IFRIC*), previously called *Standing Interpretations Committee* (*SIC*).
It should be noted that in 2022, as the required conditions were met, *IAS 29 - Financial Reporting in Hyperinflationary Economies* was applied to the financial statements of the Turkish Group companies.

GENERAL CONTEXT

The SOL Group is primarily engaged in production, applied research and distribution activities pertaining to industrial, pure and medical gases, in door-to-door medical care, as well as in the supply of related medical equipment in Italy, presently active in 24 other European Countries, in Turkey, in Morocco, in India, in Brazil and in China. The products and services of companies belonging to the Group are used in the chemical, electronics, iron and steel, engineering and foodstuff industries, as well as in sectors such as environmental protection, research and health.
2022 started with a new wave of Covid-19 due to the Omicron variant with, however, less severe effects on the population than in the previous two years.
In February, following Russia's invasion of Ukraine, a war began between the two countries that is still ongoing. The conflict led to the gradual reduction of the main natural gas supply channel for many European countries, resulting in abnormally high prices for all energy commodities, which reached unprecedentedly high exchange values.
These increases, together with those caused by a booming global economy un 2021 and in the first half of 2022, caused inflation to rise by as much as 10% in all Western countries in 2022. This level of inflation had never occurred in recent decades.
The spread of inflationary pressures led all Western central banks to embark on a period of raising official interest rates, which in turn led to an increase in the interest rates charged by the credit system to its customers.
In the scenario presented, the economic situation was expansionary in the first nine months of the year, with a tendency towards slower growth in the last quarter.
With regard to the technical gas and home care sector, in which the SOL Group operates, we would like to highlight the significant growth in the technical gas sector, due mainly to the recovery of the increase in production costs following the rise in the price of natural gas and, above all, electricity. In terms of quantities sold, there was a slight slowdown in the last few months of the year compared with the previous year.
Growth in the home care services sector showed good growth, partly due to the resumption of prescriptions for new patients, after a slowdown in the previous two years due to the effects of Covid-19, which had reduced the normal operations of hospitals and private laboratories.
With regard to the year 2023, economic growth is expected to be very low in almost all countries and inflation is expected to slow down, partly due to the significant rise in interest rates.
We expect activity in the technical gas sector to continue to grow, albeit much less than in 2022, while the home care sector should confirm pre-pandemic levels of development.

SUMMARY RESULTS

In this context, we believe that the results achieved by the SOL Group in 2022 were extremely positive.
The net sales achieved by the SOL Group in 2022 were equal to Euro 1,379.2 million (+23.9% compared to those of 2021 and +22.3% on a like-for-like basis).
The gross operating margin was Euro 328.3 million, equating to 23.8% of sales, up by 25.9% when compared to 2021 (Euro 260.8 million, or 23.4% of sales).
The operating result came to Euro 192.5 million, equating to 14.0% of sales, up by 41.8 million compared to the figure for the same period of 2021 (Euro 135.8 million, or 12.2% of sales).
The net profit amounted to Euro 133.7 million, up 49.3% from 89.5 million euro in 2021.
The cash flow amounted to Euro 266.5 million (19.3% of sales), up by 25.1% compared to 2021 (equal to Euro 213.1 million).
The technical investments carried out in 2022 amounted to Euro 121.3 million (Euro 123.3 million in 2021).
The average number of employees as at December 31, 2022 amounted to 5,374 (4,916 as at December 31, 2021).
The net financial indebtedness was equal to Euro 389.7 million (310.9 million as at December 31, 2021).
The application of IAS 29 had no material impact on the consolidated financial statements of the SOL Group.

MANAGEMENT TREND

During 2022, the technical gas sector showed an increase in sales of 36.5% when compared with the previous year achieving a turnover from third-party customers equating to Euro 762.4 million.
The Technical gas division had to implement a strong action to recover the cost increase as a result of the very high increase in the prices of electricity and natural gas, raw materials in the production of technical gases. The effect of the price adjustment on growth is 70.0%.
The home-care business reported a growth by 11.2%, both in Italy and abroad, with sales to third-party customers of Euro 616.7 million.
The growth in the sector is due to the resumption of new patient prescriptions, which had been severely slowed in the 2020 and 2021 due to reduced activity in hospitals and laboratories as a result of the Covid-19 pandemic.
Overall, in the healthcare sector, the Group's sales amounted to Euro 777 million, or 56.3% of total turnover.
The gross operating margin increased by Euro 67.5 million or 25.9% compared to 2021.
The operating result increased by Euro 56.7 million compared to 2021, up 41.8%.
The Group's net indebtedness increased by only Euro 78.9 million, compared to December 31, 2021, against technical and intangible investments and acquisitions of Euro 219.4 million made in 2022.
The debt ratios remain very solid, with a debt/equity ratio of 0.45 and a cash flow cover of 1.19.
During 2022, technical gas reserves remained within the safety levels.
In 2022, the SOL Group's work force increased by 650 people, from 5,101 to 5,751. Personnel training and qualification activities, aimed at improving the qualities of our people committed to pursuing the Group's development objectives, continued on a regular basis.

SHARE PERFORMANCE ON THE STOCK EXCHANGE

SOL stock opened 2022 with a price of Euro 20.95 and closed as at December 30, 2022 at Euro 17.70.
During the year, the stock achieved a maximum price of Euro 21.35, while the minimum came to Euro 15.12.

QUALITY, SAFETY, HEALTH AND ENVIRONMENT

The focus on issues of quality, health, safety and environment was constantly high throughout 2022 with an intense internal auditing activity and with checks by third parties, both by Notified Bodies for Certification and by the Auditing Bodies of the Public Administration.
All of these checks have always had a positive outcome.
Overall, the certifications obtained over the years pursuant to international standards ISO 9001, ISO 14001, ISO 13485, OHSAS 18001/ISO 45001, ISO 22000 - FSSC 22000, ISO 50001, ISO 27001, ISO 22301, ISO 17025 were not only renewed, but extended to new activities (ISO 9001) as well as other new operational sites of the Group. An example from outside Italy is the new production site of SOL BRANCH BELGIUM WANZE, which in 2022 obtained certification according to ISO 9001, ISO 22000 and FSSC 22000.
With regard to the ISO 9001 certification for the technical gases area, the scope was extended to include 6 new services, provided in the area of marketing/technical customer management.
The certification status was also confirmed to the Group for the enforcement of the PED directive in the internal production of vaporisers and of the 93/42 Directive for the production of medical devices.
Always during 2022, the accreditation according to ISO 17025 was confirmed for the analytical methods applied in the laboratory of GAS PURI MONZA, of GTS (Albania), of SOL SERBIA and of STERIMED (Italy - company specialised in services and solutions for health and the environment), companies that therefore maintained the status of a Testing Laboratory approved and accredited by the ACCREDIA accreditation body.
In 2022, the GAS PURI MONZA unit received the first surveillance visit for ISO 17034 accreditation again from ACCREDIA as a producer of certified environmental mixtures.
In the field of technical gases and biotechnology, ISO 9001 certification status of the individual sites stands at 42 sites in Italy and 50 outside of Italy (one of which belongs to the German company CT BIOCARBONIC, a jointly controlled company consolidated using the equity method).
In the area of food safety, the number of sites outside of Italy certified to ISO 22000 is 29 (of which one belongs to the German company CT BIOCARBONIC), while in Italy, the sites are 2.
The FSSC 22000 certified sites among those certified to ISO 22000 are 24 sites outside Italy (of which 1 belonging to the German company CT BIOCARBONIC) and 2 in Italy.
As part of the activities related to technical gas, ISO 14001 certification was confirmed for the environmental management system for 11 sites in Italy and 11 sites outside of Italy.
The certification of the safety management system according to the ISO 45001/OHSAS 18001 standard is applied in 40 sites in Italy and 8 sites outside of Italy.
The excellence certification status (ISO 9001, ISO 14001, ISO 45001/OHSAS 18001) was confirmed, maintaining European EMAS Registration for the Verona, Mantua (Italy) and Jesenice (Slovenia) plants. It is also worth mentioning that SOL Spa obtained the European EMAS Registration for its activities at its headquarters in Monza.
As part of home care activities, the certification status (ISO 9001) of the VIVISOL premises was 22 sites in Italy and 43 sites outside of Italy.
The ISO 14001 certification of the environmental management system of VIVISOL Srl Registered office and 8 sites outside Italy was confirmed, as well as the certification of the safety management system according to the ISO 45001/OHSAS 18001 standard, applied at 21 sites in Italy and 9 sites outside Italy.
The Sustainability Report will accompany the Financial Statements this year as well, which was prepared in accordance with the requirements of Articles 3 and 4 of Italian Legislative Decree no. 254 of 30 December 2016 and the "*Global Reporting Initiative Sustainability Reporting Standards*" defined by the *GRI - Global Reporting Initiative*.
Work also continued on the implementation of the Responsible Care Programme and in accordance with the principles of corporate Social Responsibility.

CONSOLIDATED NON-FINANCIAL STATEMENT

The consolidated non-financial statement of SOL Spa for the year 2022, prepared in accordance with Italian Legislative Decree 254/16, constitutes a separate report ("Sustainability Report") with respect to this management report, as provided for by Article 5 paragraph 3, letter b) of Italian Legislative Decree 254/16, and is available on the company's website http://www.solgroup.com/, in the "Sustainability" section.

PHARMACEUTICAL-REGULATORY ACTIVITIES AND MEDICAL DEVICES

The Group's regulatory activities, both in Italy and abroad, continued in 2022 as well.
At the end of 2022, the Group had 147 Marketing Authorisations for medical gases filed in 25 countries (18 EU and 7 non-EU).
It also has 64 pharmaceutical workshops, of which 62 are gas production workshops, plus SITEX (production of galenic drugs) and DIATHEVA (production of APIs from biotechnology).
There are 15 gas production workshops in the home care area (of which 5 in Italy), and 47 in the technical gas area (of which 17 in Italy).
In 2022, 20 GMP inspections of gas production workshops were carried out by the relevant national agencies.
Medical regulatory activity focused on changes to the oxygen and medical air dossiers to include the sites of the Greek company TAE HELLAS. Moreover, at the end of 2022, the decentralised registration process for peritoneal dialysis solutions containing icodextrin, for which VIVISOL is the owner, came to an end; the "national phase" of granting national marketing authorisations is underway.
The year 2022 saw a strong commitment of the medical device regulatory service in the conversion to Regulation and submission to the Notified Body (DNV) of the 4 gas technical files and in the follow-up of the evaluation to MDR of the 3 F.T.'s (gas and vacuum distribution systems, anaesthetic gas evacuation systems and cryobanks) of which SOL Spa is the manufacturer.

SOL GROUP INVESTMENTS

During the 2022 financial year, investments were made for Euro 58.2 million in the "technical gases" sector, of which Euro 20.4 million by the parent company SOL Spa, and Euro 73.0 million in the "home care" sector. The main investments made were as follows:

- in Verona, Italy, at IL POINT, work was completed on modernising the entire site with the creation of the new area dedicated to orthopaedics and the creation of the new centre for orthopaedic prostheses;
- in Burago, Italy, work began on the construction of VIVISOL Srl's new logistics centre;
- in Cremona, the work to upgrade the storage and compression of gaseous helium was completed;
- in Tilburg, the Netherlands, the modernisation of the nitrous oxide production plant was completed;
- in Slovenia, the new TPJ company headquarters were built in Jesenice;
- in Florina, Greece, work began on upgrading TAE's carbon dioxide production plant;
- in India, work began on the construction of a new air fractionation plant for the production of oxygen, nitrogen and argon in Ranipet (Tamil Nadu);
- the programme for the improvement, modernisation and rationalisation of primary production plants of technical gases continued. This activity concerned in particular the units at Tanagra in Greece and Trichy in India;
- the programme for the improvement, modernisation and rationalisation of secondary production plants

of technical and medical gases continued. This activity concerned in particular the units in Catania in Italy, Aspropyrgos in Greece and Sisak in Croatia;
- a number of on-site industrial and medical systems were built and launched in Italy as well as abroad, and means of transport, distribution and product sales have been enhanced with the purchase of cryogenic tanks, cryogenic liquid distribution reservoirs, cylinders, dewars and electrical medical devices, all to sustain the group's development in all sectors of activity and geographic areas;
- investments continued to improve IT systems for both the technical gas and home-care sectors.

MAJOR CORPORATE TRANSACTIONS

During 2022, several acquisitions were made, both in Italy and abroad. The most important ones are highlighted below:
- the Brazilian subsidiary P PAR Ltda acquired 60% of BLA SERVIÇOS HOSPITALARES Ltda e JML SERVIÇOS HOSPITALARES Ltda, companies located in São Paulo (Brazil) and operating in the hospital business;
- the subsidiary company VIVISOL DEUTSCHLAND GmbH acquired 100% of the German company PROFI GESUNDHEITS - SERVICE GmbH, operating in the home-care sector;
- the subsidiary AIRSOL Srl acquired 51% of the company ITOP Spa OFFICINE ORTOPEDICHE, a company operating in the design, production, research and innovation of ortho-prosthetic devices for orthopaedic and neuromuscular pathologies;
- the subsidiary AIRSOL Srl acquired 61% of the Irish company POLAR ICE Ltd active in the production and marketing of dry ice;
- the parent company SOL Spa, with the support of SIMEST, acquired 100% of the Indian company GREEN ASU PLANT PRIVATE Ltd, which is active in the production and marketing of technical and medical gases and the production of renewable wind energy; moreover, again with the support of SIMEST, SOL Spa acquired 51% of the Indian company BHORUKA SPECIALTY GASES PRIVATE Ltd, which is engaged in the production and marketing of pure, very pure and specialty gases.

RESEARCH AND DEVELOPMENT ACTIVITIES

Research activities, which characterise and support the Group's development, continued during the year; these activities mainly comprise research associated with the development of new production and distribution technologies, with the promotion of new applications for technical gases and with the development of new services in health and home care.

SHARES OF THE PARENT COMPANY HELD BY GROUP COMPANIES

As at December 31, 2022, the Parent Company SOL Spa did not own treasury shares.
The other companies of the Group did not own shares of the parent company SOL Spa.
During the 2022 reporting year, no SOL shares were purchased or sold either by the Parent Company itself or by other Group Companies.

INTRA-GROUP TRANSACTIONS AND TRANSACTIONS WITH RELATED PARTIES

Transactions carried out with related parties, including intra-group transactions, cannot be considered as atypical or unusual, as they are part of the normal activities of Group companies. These transactions are settled at arm's length, taking into account the characteristics of the supplied goods and services.
Information concerning relations with related parties, including those requested by the Consob communication dated July 28, 2006, is presented in our Consolidated Financial Statements as at December 31, 2022.

MAIN RISKS AND UNCERTAINTIES TO WHICH THE SOL GROUP IS EXPOSED

RISKS RELATED TO THE GENERAL ECONOMIC TREND

The Group performance is affected by the increase or decrease of the gross national product and industrial production, cost of energy products and health expense policies adopted in the different European countries in which the Group works.
The economic trend in the post-pandemic period and the consequences of the recent Ukrainian crisis could cause a slowdown in various sectors of the economy in the countries where the SOL Group operates.

RISKS RELATING TO THE GROUP'S RESULTS

The SOL Group partially operates in sectors considerably regulated by economic cycles related to the trend in industrial production, such as the steel, metal working, engineering, chemical and glass manufacturing industries. In the case of an extended decline in business, the growth and profitability of the Group could be partially affected.
Moreover, government policies for reducing healthcare expenses could reduce margins in the home-care and medical gas and service sectors.

RISKS RELATED TO FUND REQUIREMENTS

The SOL Group carries on an activity that entails considerable investments both in production and in commercial equipment and expects to face up to requirements through the flows deriving from the operational management and from new loans.
Operational management should continue to generate sufficient financial resources, while the use of new loans, notwithstanding the Group's excellent capital and financial structure, may show higher interest rates and spreads than in the past.

OTHER FINANCIAL RISKS

The Group is exposed to financial risks associated with its business operations:

- credit risk in relation to normal trade transactions with customers;
- liquidity risk, with particular reference to the raising of financial resources associated with investments and with the financing of working capital;
- market risks (mainly relating to exchange and interest rates and to commodity costs), in that the Group operates internationally in different currency areas and uses interest-bearing financial instruments.

Credit risk

The granting of credit to end customers is subject to specific assessments by means of structured credit facility systems.
Positions amongst trade receivables for which objective partial or total non-recoverability is ascertained, are subject to individual write-down. Provisions are made on a collective basis for receivables that are not subject to individual write-down, taking into account the historic experience, the statistical data and, as a result of the introduction of the new accounting standard *IFRS 9*, on the basis of a predictive approach, based on the counterparty's probability of default, the ability to recover in case of loss given default and also of expected future losses.

Liquidity risk

The liquidity risk may arise with the inability to raise, under good financial conditions, the financial resources necessary for the anticipated investments and the financing of working capital.
The Group has adopted a series of policies and processes aimed at optimising the management of financial resources, reducing liquidity risk, such as the maintenance of an adequate level of available liquidity, the obtaining of appropriate credit facilities and the systematic monitoring of the forecast liquidity conditions, in relation to the corporate planning process.
Management believes that the funds and the credit facilities currently available, in addition to those that will be generated by operating and financing activities, will permit the Group to satisfy its requirements resulting from investment activities, working capital management and debt repayments on their natural maturity dates.

Exchange rate risk

In relation to sales activities, the Group companies may find themselves with trade receivables or payables denominated in currencies other than the reporting currency of the company that holds them.
A number of Group subsidiary companies are located in countries outside the Eurozone, in particular Switzerland, Bosnia, Serbia, Albania, North Macedonia, Bulgaria, Hungary, Romania, the UK, Morocco, Poland, Czech Republic, India, Turkey, Brazil and China. Since the reference currency for the Group is the Euro, the income statements of these companies are translated into Euro using the average exchange rate for the period and, revenues and margins in local currency being equal, changes in interest rates may have an effect on the equivalent value in Euro of revenues, costs and economic results.
Assets and liabilities of the consolidated companies whose reporting currency is not the Euro can adopt equivalent values in Euro that differ depending on the exchange rate trend. As envisaged by the accounting standards adopted, the effects of these changes are booked directly to shareholders' equity, under the item "Other reserves".
Some Group companies purchase electricity that is used for the primary production of technical gasses. The price of electricity is affected by the Euro/dollar exchange rate and by the price trend of energy commodities. The risk related to their fluctuations is mitigated by signing, as much as possible, fixed price purchase contracts or with a variation measured over a longer time period. Moreover, almost all supply contracts to customers are index-linked in such a way as to cover the fluctuation risks shown above.
The Parent Company has two bond loans outstanding for a total of USD 22.5 million. To hedge the exchange

rate risk, two cross currency swaps were made in Euros on the total loan amount and for the entire duration (12 years). The fair value of the CCSs as at December 31, 2022 was positive in the amount of Euro 3,143 thousand. With regard to the currency weakness involving the Turkish lira, note that Group companies resident in Turkey operate only within the country, but there could be a negative effect on their profitability as a result of the higher cost of products purchased from third countries.
As the conditions were met, *IAS 29 - Hyperinflation to Financial Statements* was applied to the financial statements of Turkish companies in 2022.

Interest rate risk

The interest rate risk is managed by the parent company by centralising most of the medium/long-term debt and by appropriately dividing the loans between fixed rate and floating rate, favouring, when possible and convenient, medium/long-term debt with fixed rates, also through specific Interest Rate Swap agreements.
Some Group companies have entered into a number of Interest Rate Swap agreements linked to two floating rate medium-term loans with the aim of guaranteeing a fixed rate on said loans. The nominal value as at December 31, 2022 is equal to Euro 133,909 thousand and the positive fair value is equal to Euro 9,851 thousand.

RISKS RELATING TO PERSONNEL

In various countries in which the Group operates, employees are protected by different laws and/or collective labour contracts that guarantee them the right to be consulted on specific issues - including the downsizing and closing of departments and the reduction of staff numbers - through representations. This could affect the Group's flexibility in strategically redefining its own organisations and activities.
The management of the Group consists of persons of proven expertise who normally have long-standing experience in the sectors in which the Group operates. The replacement of any person in management may require a long period of time.
There are potential risks to the health and safety of workers as well as to compliance with occupational health and safety regulations that are mitigated by the adoption of an integrated management system compliant with ISO 45001.

RISKS RELATED TO THE ENVIRONMENT AND CLIMATE CHANGE

The products and the activities of the SOL Group are subject to increasingly complex and strict authorisation and environmental rules and regulations. This concerns manufacturing plants subject to regulations on atmospheric emissions, waste disposal and waste water disposal and the ban on land contamination.
High charges should be shouldered in order to observe such regulations.
During 2022, the Group further deepened its previous assessments of the significance of climate change-related risks, both physical and transitional, and their economic/financial implications.
With particular reference to transition risks, which depend on an overall scenario of change in the economic context with a view to limiting the increase in global temperature to 1.5-2°C, as per the agreement signed in Paris, the Board considers that factors related to changes in market demand (increased sensitivity of customers and, more generally, of the Group's stakeholders to sustainability issues), technological evolution (risks related to the necessary technological innovations) and regulatory evolution (i.e. risks arising from legislative or political impositions aimed at triggering change) are of greater importance to the Group.
In this context, in the industrial gas sector, which is characterised by a high energy content in production costs,

the Group is constantly monitoring possible regulatory changes in order to meet the expectations of the market and the Group's stakeholders, and has planned investments in photovoltaic and wind power plants in order to increase the share of energy from renewable sources. Although there are currently no circumstances in which the Group's production processes are at risk of becoming obsolete as a result of the transition to a low-carbon economy, the Group intends to reaffirm its commitment to continue with the planned renewal and rationalisation of its plants, taking advantage of the opportunities offered by technological developments to reduce energy consumption and greenhouse gas emissions.
On the other hand, the Group is already active in the home care sector, continuously streamlining equipment and introducing new, less polluting technologies.
The common objective of both activities is to limit the fuel consumption and related greenhouse gas emissions generated directly and indirectly by the Group in connection with transport, which is mainly carried out by third-party suppliers. To this end, the Group has already experimented with electric vehicles and intends to encourage its suppliers to replace diesel-powered tractors with other lower-emission vehicles, in line with the expected evolution of the market offer of lower-emission alternatives. In this context, these measures will have no direct impact on SOL investments and costs.
It should also be noted that all of the above initiatives to limit energy consumption and emissions, as well as the procurement of energy from renewable sources, have already been outlined in the Group Sustainability Plan.
With regard to the exposure of tangible assets (plants, buildings) to physical risks related to climate change and the business continuity risk resulting from these factors, the Group considers that the overall risk is medium/low and has not identified any need for urgent action or significant investment.
Please refer to the Non-Financial Statement for a more detailed discussion of the initiatives implemented by the Group.

RISKS RELATING TO IT MANAGEMENT AND DATA SECURITY

The increasing use of IT tools in the management of company activities and the interconnection of company systems with external IT infrastructures expose these systems to potential risks with regard to the availability, integrity and confidentiality of data, as well as the efficiency of the IT tools themselves.
To ensure effective business continuity, the Group adopted a disaster recovery and business continuity system to ensure immediate replication of the main legacy system workstations. The choice of these systems to be managed in business continuity was made on the basis of a risk analysis.
Moreover, multiple levels of physical and logical protection, at the level of servers and at the level of clients, ensure the active security of data and business applications. The SOL Group also has innovative artificial intelligence-based products to protect the digital identity of its employees.
Vulnerability analyses and audits on the security of information systems are periodically carried out by independent technicians to check the adequacy of the company's IT systems.
Finally, with regard to the problem of fraud through the use of IT resources by external parties, all employees are periodically informed and trained on the correct use of the resources and IT applications available to them.

TAX RISKS

The SOL Group is subject to taxation in Italy and in several other foreign jurisdictions.
The various companies of the Group are subject to the assessment of the income tax returns by the competent tax authorities of the countries in which they operate.

As already occurred in the past, any findings reported in the tax audits are carefully assessed and, when necessary, challenged in the appropriate venues.
At present, a dispute is in progress in Italy for findings - considered groundless - on Transfer pricing.
The opening of the *MAP* (Mutual Agreement Procedure) between Italy and four other European countries has been requested and has not yet been completed.
However, at Group level, this should not have a significant effect on profitability, given that the level of taxation in the countries involved is very similar.

RISKS DERIVING FROM THE WAR IN UKRAINE

The risks to which the SOL Group is exposed in connection with the war between Russia and Ukraine that broke out in February 2022 are essentially indirect, in that there are no activities carried out directly by subsidiaries in the two countries involved.
In fact, the likely negative effects caused by the current conflict on the economic growth of European countries could lead to a lower rate of development of the sales of the SOL Group.
Moreover, the war is contributing to keeping the cost of energy products at high levels, resulting in the continued high cost of purchasing electricity and fuel; this could mean the risk of not being able to fully transfer these costs to the sales prices of technical gases and services on the market, with a consequent negative effect on the Group's margins.
The continuation of the war is also contributing to the inflationary effects of high energy commodity prices, with the consequent negative impact on investment costs and operating expenses.
In particular, a significant effect on home care activities is on the supply chain of medical equipment, for which there are delays and difficulties in deliveries and consequent shortages to meet growing demand, as well as an increase in purchase prices.

OTHER RISKS

It is stated that on October 21, 2022 the subsidiary VIVISOL Srl was notified of the interim measure prohibiting it from contracting with the Public Administration pursuant to Article 25, paragraph 2, of Italian Legislative Decree No. 231/2001 in connection with criminal suit No. 6036/2022 GEN. CRIM. REG. - No. 4500/2022 RGGIP pending before the Court of Palermo, which involves several natural and legal persons including a manager and a former manager of the Company, who are under investigation for the offences provided for and punished by Articles 319 and 321 of the Italian Penal Code, which were allegedly committed in connection with a tender dating back to 2017 called by the ASP of Palermo and from which, inter alia, no profit was made. An appeal was immediately lodged against the aforesaid precautionary measure pursuant to Article 299 of the Code of Criminal Procedure and on November 2, 2022, with the favourable opinion of the Prosecutors in charge of the investigation, the Investigating Magistrate suspended the aforesaid measure with immediate effect, allowing the company to continue its operations. The measure was lifted on February 10, 2023.
As stated in the press releases immediately issued by the company, VIVISOL reiterates that it is not involved in this matter and firmly believes that this will be confirmed by the ongoing judicial investigations.
That being said, as an immediate self-cleaning activity, the VIVISOL Board of Directors promptly suspended the manager involved and revoked all delegations and powers of attorney assigned, and the necessary internal checks were initiated. It should also be noted that since 2006 VIVISOL has had a Code of Ethics and an Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001 that is periodically updated and effectively implemented through the implementation of ad hoc protocols and procedures.
On December 15, 2022, the Public Prosecutor's Office of the Court of Milan served a notice of conclusion of

the investigation into the criminal proceedings following the double fatal accident that occurred on September 28, 2021 on the Humanitas Mirasole Spa university campus involving two drivers of the transport company Pè Giuseppe Srl, which was entrusted by SOL Spa with the delivery of nitrogen, according to which, inter alia, the former General Manager and employer of SOL Spa is being investigated pursuant to Articles 113 and 589, paragraphs I, II and IV of the Italian Penal Code and the company SOL Spa is being prosecuted for the administrative offence referred to in Articles 5, 9 and 25 septies of Italian Legislative Decree no. 231/2001; on the other hand, it appears that the Chairman and Vice-Chairman of SOL Spa, who were initially under investigation, have been dismissed. Both the company and its former employer are confident that they will be able to prove their innocence in the subsequent proceedings.

MANAGEMENT AND CO-ORDINATION ACTIVITIES (PURSUANT TO ARTICLE 37, SUB-PARAGRAPH 2, MARKET REGULATION ISSUED BY CONSOB)

The body of shareholders of SOL Spa consists of a controlling shareholder, GAS AND TECHNOLOGIES WORLD Bv, (in turn controlled by STICHTING AIRVISION, a Dutch foundation), which holds 59.978 % of the share capital. Neither GAS AND TECHNOLOGIES WORLD BV nor STICHTING AIRVISION exercise the activity of direction and coordination of SOL Spa pursuant to art. 2497 of the Italian Civil Code, as the majority shareholder, a holding company, is limited to exercising the rights and prerogatives of each shareholder and does not get involved, with the management of the Company (fully entrusted to the autonomous decisions of the Board of Directors of SOL Spa).

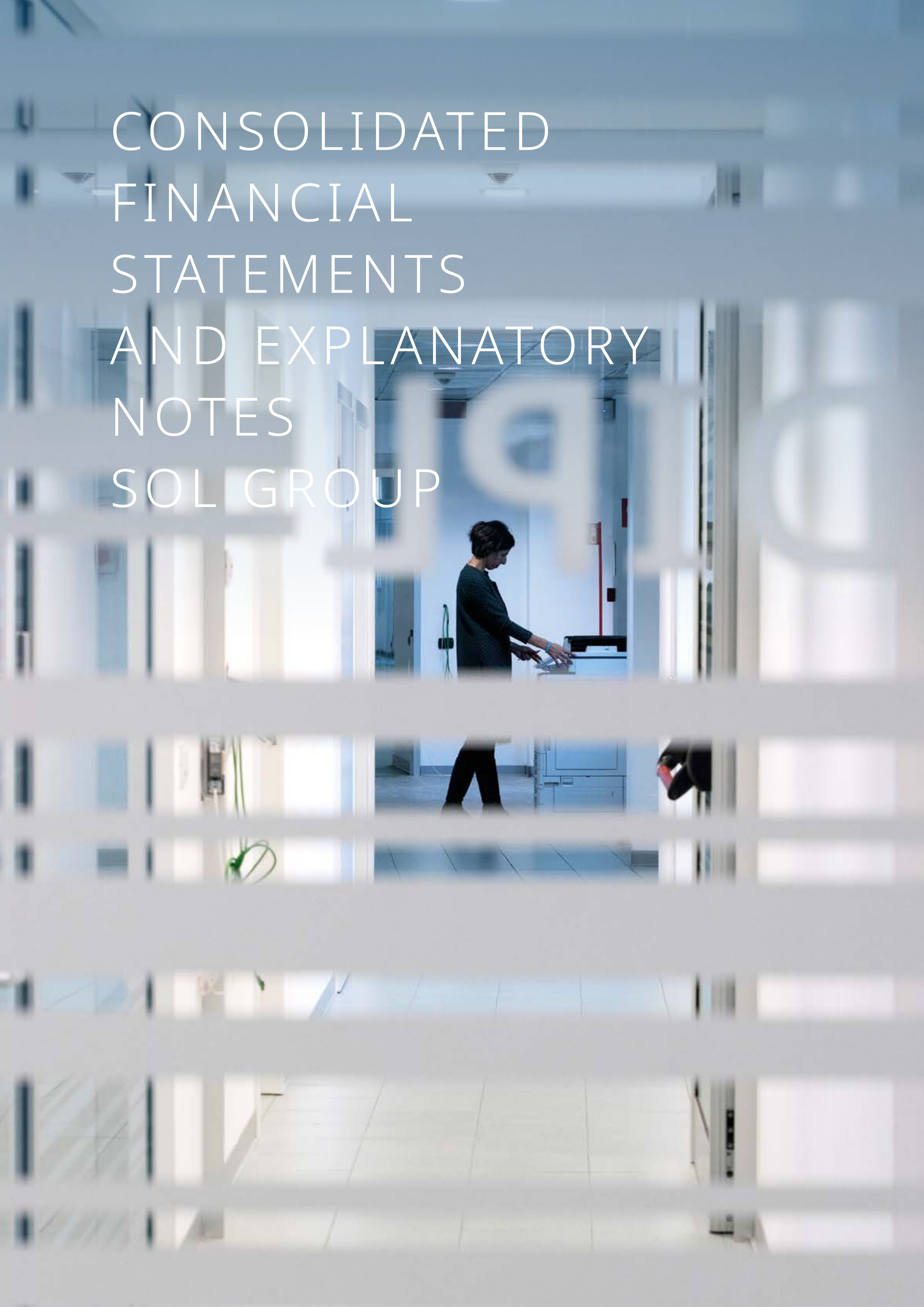
IMPORTANT FACTS OCCURRING AFTER THE 2022 REPORTING PERIOD AND BUSINESS OUTLOOK

The ongoing war in Ukraine, which started in February 2022 with the invasion by Russia, is economically causing continuous changes in the prices of oil, gas, electricity and other products.
This is reflected in the production and purchase costs of technical gases and, due to inflationary effects, also in investment and operating costs.
However, the SOL Group will continue with its investment programmes and, where possible, acquisitions, with the aim of achieving good sales growth and maintaining profitability at appreciable levels.

Monza, March 30, 2023

The Chairman of the Board of Directors
(Aldo Fumagalli Romario)

CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES SOL GROUP



SOL GROUP CONSOLIDATED INCOME STATEMENT

(amounts in thousands of Euro)

	Notes	12.31.2022	%	12.31.2021	%
Net sales	1	**1,379,187**	**100.0%**	1,112,909	100.0%
Other revenues and income	2	83,904	6.1%	11,060	1.0%
Internal works and collections	3	26,718	1.9%	18,933	1.7%
Revenues		**1,489,809**	**108.0%**	1,142,901	102.7%
Purchase of materials		520,650	37.8%	306,023	27.5%
Services rendered		366,030	26.5%	319,511	28.7%
Change in inventories		(13,232)	-1.0%	(2,380)	-0.2%
Other costs		28,446	2.1%	24,761	2.2%
Total costs	4	**901,894**	**65.4%**	647,915	58.2%
Added value		**587,915**	**42.6%**	494,987	44.5%
Payroll and related costs	5	259,657	18.8%	234,209	21.0%
Gross operating margin		**328,259**	**23.8%**	260,778	23.4%
Depreciation/amortisation	6	128,950	9.3%	119,296	10.7%
Provisions and write-downs	6	6,847	0.5%	5,711	0.5%
Non-recurring (income)/expenses	6	-	-	-	-
Operating result		**192,462**	**14.0%**	135,771	12.2%
Financial income		2,930	0.2%	2,406	0.2%
Financial expense		(15,891)	-1.2%	(11,472)	-1.0%
Results from equity investments		368	-	(777)	-0.1%
Total financial income/(expense)	7	**(12.593)**	**-0,9%**	(9.843)	-0,9%
Profit (Loss) before income taxes		**179,869**	**13.0%**	125,928	11.3%
Income taxes	8	42,294	3.1%	32,170	2.9%
Net result from business activities		**137,574**	**10.0%**	93,757	8.4%
Net result from discontinued operations		-	-	-	-
(Profit)/Loss pertaining to minority interests		(3,882)	-0.3%	(4,208)	-0.4%
Net Profit/(Loss)		**133,693**	**9.7%**	89,549	8.0%
Earnings per share		**1.474**	**-**	0.987	-

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME SOL GROUP

(amounts in thousands of Euro)

	12.31.2022	12.31.2021
Profit/(Loss) for the year (A)	**137,574**	93,757
Components that will never be reclassified to the Income Statement		
Actuarial gains/(losses)	3,111	550
Tax effect	(762)	(126)
Total components that will never be reclassified to the Income Statement (B1)	**2,349**	424
Components that may be reclassified to the Income Statement		
Profits/(losses) on cash flow hedging instruments	11,717	5,071
Profits/(losses) deriving from conversion of financial statements of foreign companies	(3,181)	1,522
Tax effect related to other profits (losses)	(2,803)	(1,206)
Total components that may be reclassified to the Income Statement (B2)	**5,733**	5,387
Total other profits/(losses) net of the tax effect (B1) + (B2) = (B)	**8,082**	5,811
Overall result for the period (A +/- B)	**145,656**	99,569
Attributable to:		
- shareholders of the parent company	142,036	95,373
- minority interest	3,620	4,195

CONSOLIDATED STATEMENT OF FINANCIAL POSITION SOL GROUP

(amounts in thousands of Euro)

	Notes	12.31.2022	12.31.2021
Tangible fixed assets	9	694,164	615,329
Goodwill and consolidation differences	10	216,811	170,313
Other intangible fixed assets	11	26,550	22,752
Equity investments	12	13,082	12,704
Other financial assets	13	22,015	10,484
Deferred tax assets	14	18,557	21,031
Non-current assets		**991,179**	852,612
Non-current assets held for sale			
Inventories	15	84,144	67,303
Trade receivables	16	431,054	340,023
Other current assets	17	64,377	36,197
Current financial assets	18	13,187	8,671
Cash and cash at bank	19	134,642	139,642
Current assets		**727,403**	591,835
TOTAL ASSETS		**1,718,583**	1,444,448
Share capital		47,164	47,164
Share premium reserve		63,335	63,335
Legal reserve		10,459	10,459
Reserve for treasury shares in portfolio		0	0
Other reserves		565,261	486,904
Retained earnings (accumulated loss)		704	845
Net Profit		133,693	89,549
Shareholders' equity - Group		**820,615**	698,257
Shareholders' equity - Minority interests		38,134	18,987
Profit pertaining to minority interests		3,882	4,208
Shareholders' equity - Minority interests		**42,015**	23,194
Shareholders' equity	20	**862,630**	721,452
Employee severance indemnities and benefits	21	15,143	18,696
Provision for deferred taxes	22	12,163	7,362
Provisions for risks and charges	23	3,309	3,070
Payables and other financial liabilities	24	454,496	378,471
Non-current liabilities		**485,111**	407,598
Non-current liabilities held for sale			
Amounts due to banks		6,860	1,643
Trade accounts payable		175,114	150,290
Other financial liabilities		84,814	82,098
Tax payables		32,552	19,216
Other current liabilities		71,502	62,150
Current liabilities	25	**370,842**	315,398
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,718,583**	1,444,448

CONSOLIDATED CASH FLOW STATEMENT SOL GROUP

(amounts in thousands of Euro)

	Notes	12.31.2022	12.31.2021
CASH FLOW GENERATED BY OPERATING ACTIVITIES			
Profit for the year		**133,693**	89,549
Minority interests in profit/loss		**3,882**	4,208
Adjustments to items not affecting liquidity			
Depreciation/amortisation	6	128,950	119,296
Interest on loans and on bonds	7	8,192	7,982
Employee severance indemnities and benefits accrued	5	1,702	1,307
Provisions/Use of provisions for risks and charges	22 - 23	5,040	3,825
Taxes for the period	8	**37,533**	29,072
Cash flow before changes in nwc		**318,992**	255,239
Changes in current assets and liabilities			
Inventories	15	(13,758)	(1,825)
Trade receivables	16	(80,521)	(20,112)
Other assets	14 - 17	(25,386)	(5,619)
Suppliers	25	20,367	17,854
Other liabilities		11,776	(4,387)
Tax payables		4,466	5,230
Total changes in current assets and liabilities		**(83,056)**	(8,859)
Other adjustments for non-monetary items		7,647	(16,607)
Taxes paid		(28,664)	(37,209)
Cash flow generated by operating activities		**214,919**	192,564
CASH FLOWS GENERATED BY INVESTMENT ACTIVITIES			
Acquisition of tangible fixed assets	9	(121,329)	(123,298)
Revaluations and other changes in tangible fixed assets	9	(30,020)	(15,305)
Increases in intangible assets		(9,829)	(9,149)
(Increase) decrease in long-term investments	13	(11,177)	(2,409)
(Increase) decrease of equity investments and business units		(75,426)	(78,137)
(Increase) decrease in current financial assets	18	(4,516)	(1,222)
Total		**(252,297)**	(229,520)
CASH FLOWS GENERATED BY FINANCING ACTIVITIES			
Repayment of loans		(49,559)	(47,715)
Raising of new loans		32,758	279
Redemption of bonds		(12.039)	(11.937)
Undertaking bonds		75,000	-
Change in leases		16,181	(1,925)
Raising (repayment) of shareholders' loans		-	(224)
Dividends paid	20	(24,259)	(23,857)
Interest on loans and on bonds paid		(7,737)	(8,153)
Total		**30,345**	(93,532)
Effect of exchange rate fluctuations	20	(3,183)	1,522
INCREASE (DECREASE) IN CASH IN HAND AND AT BANK		**(10,216)**	(128,966)
CASH IN HAND AND AT BANK AT BEGINNING OF YEAR	19	**137,998**	266,964
CASH IN HAND AND AT BANK AT END OF YEAR	19	**127,782**	137,998

Flows are shown net of the effect of acquisitions on the Group's assets and liabilities, as indicated in Chapter 10 - Goodwill and consolidation differences.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY SOL GROUP

(amounts in thousands of Euro)

	Share capital	Share premium reserve	Legal reserve	Other reserves	Net profit	Total Group shareholders' equity	Total shareholders' equity pertaining to minority interests	**Total shareholders' equity**
Balance as at 01.01.2021	47,164	63,335	10,459	411,669	103,047	635,674	27,174	662,848
Allocation of 2020 profit	-	-	-	83,093	(83,093)	-	-	-
Dividend distribution	-	-	-	-	(19,954)	(15,873)	(3,903)	(19,776)
Other consolidation changes	-	-	-	(12,836)	-	(16,917)	(4,272)	(21,189)
Profit (loss) for the financial year	-	-	-	5,824	89,549	95,373	4,195	99,569
Balance as at 12.31.2021	**47,164**	**63,335**	**10,459**	**487,750**	**89,549**	**698,257**	**23,194**	**721,452**
Allocation of 2021 profit	-	-	-	67,781	(67,781)	-	-	-
Dividend distribution	-	-	-	-	(21,768)	(21,768)	(2,491)	(24,259)
Other consolidation changes	-	-	-	2,089	-	2,089	17,692	19,781
Profit (loss) for the financial year	-	-	-	8,344	133,693	142,037	3,620	145,656
Balance as at 12.31.2022	**47,164**	**63,335**	**10,459**	**565,965**	**133,693**	**820,615**	**42,015**	**862,630**

EXPLANATORY NOTES

The 2022 consolidated financial statements have been drawn up in accordance with the International Accounting Standards (*IFRS*) established by the *International Accounting Standards Board* and approved by the European Union. The *IFRS* are understood to also be all the international accounting standards reviewed (*IAS*), all the interpretations of the *International Financial Reporting Interpretations Committee* (*IFRIC*), previously known as the *Standing Interpretations Committee* (*SIC*), approved by the European Union and contained in the relevant EU Regulations.
The financial statements are prepared on the basis of the historical cost principle, amended as requested for the valuation of various financial instruments, as well as on a going concern basis. The SOL Group, in fact, evaluated that no significant uncertainties exist (as defined by paragraph 25 of accounting standard *IAS 1*) on the principle of going concern
The income statement has been drawn up with the allocation of the costs by nature; the Balance Sheet has been prepared in accordance with the format that highlights the separation of the "current/non-current" assets and liabilities, while the indirect method was adopted for the statement of cash flows, adjusting the profit for the period of non-monetary components. Statement of changes in shareholders' equity shows comprehensive income (expenses) for the year and other changes in Shareholders' Equity.
In the Income statement, income and costs deriving from non-recurring operations have been shown separately.
The analysis of the income statement and the consolidated statement of financial position and cash flow statement has also been carried out in accordance with the provisions of *IFRS 8*, highlighting the contribution of the technical gases and home-care service activity sectors taken as primary sectors and providing the most important data relating to the activities by geographic area, Italy and other countries, identified as secondary sectors.
Further to the enforcement of Legislative Decree no. 38 of February 28, 2005, implementing in the Italian regulations the European Regulation No. 1606/2002, companies with securities admitted for trading on Member European Union States' regulated markets must from 2006 draw up their financial statements in accordance with the international accounting standards (*IAS/IFRS*) issued by the *International Accounting Standard Board* (*IASB*), as approved by the EU Commission.
The financial statements and the notes to the financial statements have been prepared supplying also the additional information on diagrams and budget disclosure provided by Consob resolution no. 15519 and by Consob notification no. 6064293 issued on July 28, 2006.

GROUP COMPOSITION AND SCOPE OF CONSOLIDATION

The consolidated financial statements comprise the financial statements as at December 31, 2022 of the SOL Spa Parent Company and of the following companies, which are, pursuant to Article 38, paragraph 2 of Italian Legislative Decree No. 127/91 as amended by the provisions of Italian legislative decree no. 139 of 18 August 2015 "Implementation of directive 2013/34/EU related to the financial statements, consolidated financial statements and related reports of certain types of companies, amending directive 2006/43/EC and repealing directives 78/660/EEC and 83/349/EEC, for the part related to the regulations of the financial statements and consolidated financial statements".

a) directly or indirectly controlled subsidiaries, consolidated on a line-by-line basis

Company name and registered office	Notes		Share capital	Ownership percentage Direct	Indirect	**Total**
AIRSOL S.r.l. - Monza		EUR	7,750,000	100.00%		100.00%
ALLERSHAUSEN CARE GmbH - Neufahrn bei Freising		EUR	25,000		100.00%	100.00%
BTG Bvba - Lessines		EUR	5,508,625		100.00%	100.00%
BEHRINGER FRANCE Sarl - Saint Andre Lez Lille		EUR	10,000		51.00%	51.00%
BEHRINGER Srl – Genoa		EUR	102,000	2.00%	49.00%	51.00%
BHORUKA SPECIALTY GASES PRIVATE Ltd - Bangalore	**1**	INR	204,080	51.00%		51.00%
BIOTECHSOL Srl - Monza		EUR	110,000	51.00%	49.00%	100.00%
BLA SERVICOS HOSPITALARES Ltda - San Paolo		BRL	15,000,000		51.00%	51.00%
CTS Srl - Monza		EUR	156,000	100.00%		100.00%
CRYOLAB Srl - Rome		EUR	509,021	85.00%		85.00%
CRYOS Srl - Peveragno		EUR	40,000		70.00%	70.00%
DIATHEVA Srl - Cartoceto		EUR	260,000	82.00%		82.00%
DIRECT MEDICAL Ltd - Athlone		EUR	100		100.00%	100.00%
DN GLOBAL HOMECARE Ltda - Salvador		BRL	1,968,130		46.75%	46.75%
DOLBY HEALTHCARE Ltd- Stirling		GBP	300,100		100.00%	100.00%
DOLBY MEDICAL HOME RESPIRATORY CARE Ltd - Stirling		GBP	15,100		100.00%	100.00%
ENERGETIKA ZJ doo - Jesenice		EUR	999,602	100.00%		100.00%
FLOSIT Sas - Casablanca		MAD	12,000,000	99.97%	0.03%	100.00%
FRANCE OXYGENE Sarl - Templemars		EUR	1,300,000		100.00%	100.00%
GEBZE GAZ As - Gebze		TRY	5,503,000		85.00%	85.00%
GLOBAL CARE Ltda - San Paolo		BRL	10,736,528		85.00%	85.00%
GREEN ASU PLANT PRIVATE Ltd - Bangalore	**2**	INR	9,900,000	100.00%		100.00%
GTH GAZE INDUSTRIALE Sa - Bucharest		RON	14,228,583	99.99%		99.99%
GTS Shpk - Tirana		ALL	292,164,000	100.00%		100.00%
HYDROENERGY Shpk - Tirana		ALL	1,444,108,950	96.04%		96.04%
ICOA Srl - Vibo Valentia		EUR	45,760	97.60%		97.60%
IL POINT Srl - Verona		EUR	98,800		81.00%	81.00%
Kompass GmbH - Munich		EUR	25,000		100.00%	100.00%
Irish Oxygen Company - Cork		EUR	697,802		50.01%	50.01%
ITOP Spa OFFICINE ORTOPEDICHE - Rome		EUR	400,000		51.00%	51.00%
ITOP SICILIA Srl - Rome		EUR	50,000		51.00%	51.00%
ITOP ORTOPEDIE ASSOCIATE Srl - Rome		EUR	10,400		51.00%	51.00%
ITOP SERVIZI Srl - Rome		EUR	10,000		51.00%	51.00%
ORTHOHUB Srl - Rome		EUR	10,000		51.00%	51.00%
JML SERVICOS HOSPITALARES Ltda - San Paolo		BRL	19,597,590		51.00%	51.00%
KSD KOHLENSÄURE-DIENST GmbH - Bretzfeld		EUR	30,000		100.00%	100.00%
MBAR ASSISTANCE RESPIRATOIRE Sas - Ballan Mire		EUR	7,622		100.00%	100.00%
MEDES Srl - Settimo Milanese		EUR	10,400	51.00%		51.00%
MEDSEVEN spzoo - Osielsko		PLN	646,000		100.00%	100.00%
MEDTEK MEDIZINTECHNIK GmbH - Grunstadt		EUR	75,000		100.00%	100.00%
MEL Ad - Trn		BAM	2,005,830	80.00%		80.00%
P PAR Ltda - San Paolo		BRL	31,233,045		85.00%	85.00%
PALLMED spzoo - Bydgoszcz		PLN	800,802		100.00%	100.00%
PERSONAL GENOMICS Srl - Verona		EUR	500,000		84.71%	84.71%
PIELMEIER MEDIZINTECHNIK GmbH - Taufkirchen		EUR	25,000		100.00%	100.00%
POLAR ICE Ltd - Portarlington		EUR	3,672		61.00%	61.00%
PORTARE Ltda- San Paolo		BRL	2,000,000		85.00%	85.00%
PROFI GESUNDHEITS - SERVICE GmbH - Weiler bei Bingen		EUR	25,000		100.00%	100.00%
REVI Srl - Surbo		EUR	52,000		100.00%	100.00%
RESPITEK As - Istanbul		TRY	4,390,000		70.00%	70.00%
SHANGHAI MU KANG MEDICAL DEVICE DISTRIBUTION SERVICE Co. Ltd - Shanghai		CNY	5,000,000		70.00%	70.00%
SHANGHAI SHENWEI MEDICAL GAS Co. Ltd - Shanghai		CNY	10,000,000		70.00%	70.00%
SITEX MAD Sa - Plan-les-Ouates		CHF	110,000		100.00%	100.00%
SITEX Sa - Plan-les-Ouates		CHF	400,000		100.00%	100.00%
SOL BULGARIA Ead - Sofia		BGN	19,305,720	100.00%		100.00%
SOL CROATIA doo (ex KISIKANA) - Sisak		HRK	30,771,300	100.00%		100.00%
SOL DEUTSCHLAND GmbH - Krefeld		EUR	7,000,000		100.00%	100.00%
SOL FRANCE Sas - Eragny		EUR	13,000,000		100.00%	100.00%
SOL GAS PRIMARI Srl - Monza		EUR	500,000	100.00%		100.00%
SG - LAB Srl - Costabissara		EUR	100,000	100.00%		100.00%
SOL HELLAS Sa - Magoula		EUR	4,947,429		99.72%	99.72%
SOL HUNGARY Kft - Dunaharaszti		HUF	50,020,000		100.00%	100.00%
SOL HYDROPOWER doo - Skopje		MKD	2,460,200	100.00%		100.00%
SOL INDIA PRIVATE Ltd - Chennai		INR	703,991,650	86.37%		86.37%

a) directly or indirectly controlled subsidiaries, consolidated on a line-by-line basis (cont)

Company name and registered office	Notes		Share capital	Ownership percentage Direct	Indirect	**Total**
SOL KOHLENSÄURE GmbH & Co. KG - Burgbrohl		EUR	20,000	100.00%		100.00%
SOL KOHLENSÄURE VERWALTUNGS GmbH - Burgbrohl		EUR	25,000		100.00%	100.00%
SOL KOHLENSÄURE WERK GmbH & Co. KG - Burgbrohl		EUR	10,000		100.00%	100.00%
SOL NEDERLAND Bv - Tilburg		EUR	2,295,000	100.00%		100.00%
SOL REAL ESTATE DEUTSCHLAND GmbH - Neufahrn bei Freising		EUR	25,000		100.00%	100.00%
SOL SEE doo - Skopje		MKD	497,554,300	97.16%	2.84%	100.00%
SOL SLOVAKIA Sro - Bratislava		EUR	75,000		100.00%	100.00%
SOL SRBIJA doo - Nova Pazova		RSD	317,193,834	67.16%	32.84%	100.00%
SOL TG GmbH - Wiener Neustadt		EUR	5,726,728	100.00%		100.00%
SOL TK As - Istanbul		TRY	28,374,000		100.00%	100.00%
SOL-K ShpK - Pristina		EUR	2,010,000	99.72%	0.28%	100.00%
SPG - SOL PLIN GORENJSKA doo - Jesenice		EUR	8,220,664	54.85%	45.15%	100.00%
SPITEX PERSPECTA - Basel		CHF	100,000		100.00%	100.00%
STERIMED Srl - Milan		EUR	100,000		100.00%	100.00%
TPJ doo - Jesenice		EUR	2,643,487	64.11%	35.89%	100.00%
TAE HELLAS - Maroussi		EUR	6,422,227		99.78%	99.78%
TESI Srl TECNOLOGIA & SICUREZZA Srl - Milan		EUR	14,489	89.63%		89.63%
TGP Ad - Petrovo		BAM	1,177,999	61.38%	26.04%	87.42%
TGS doo - Skopje		MKD	419,220,422	100.00%		100.00%
TGT Ad - Trn		BAM	970,081	75.18%		75.18%
UTP doo - Pula		HRK	17,543,800		100.00%	100.00%
UNIT CARE Ltda - San Paolo		BRL	2,084,000		89.50%	89.50%
VIVICARE GmbH - Neufahrn bei Freising		EUR	25,000		100.00%	100.00%
VIVICARE HOLDING GmbH - Neufahrn bei Freising		EUR	25,000		100.00%	100.00%
VIVISOL ADRIA doo - Mengeš		EUR	7,500		100.00%	100.00%
VIVISOL B Sprl - Lessines		EUR	162,500	0.08%	99.92%	100.00%
VIVISOL BRASIL Ltda - San Paolo		BRL	11,662,772		94.00%	94.00%
VIVISOL CALABRIA Srl - Vibo Valentia		EUR	10,400		98.32%	98.32%
VIVISOL CZECHIA Sro - Prague		CZK	100,000		100.00%	100.00%
VIVISOL DEUTSCHLAND GmbH - Neufahrn bei Freising		EUR	2,500,000		100.00%	100.00%
VIVISOL FRANCE Sarl - Vaux le Penil		EUR	3,503,600		100.00%	100.00%
VIVISOL HEIMBEHANDLUNGSGERÄTE GmbH - Vienna		EUR	726,728		100.00%	100.00%
VIVISOL HELLAS Sa - Athens		EUR	1,053,981		99.89%	99.89%
VIVISOL IBERICA Slu - Arganda del Rey		EUR	5,500,000		100.00%	100.00%
VIVISOL Intensivservice GmbH - Regensburg		EUR	40,000		100.00%	100.00%
VIVISOL NAPOLI Srl - Marcianise		EUR	98,800		81.00%	81.00%
VIVISOL NEDERLAND Bv - Tilburg		EUR	500,000	100.00%		100.00%
VIVISOL PORTUGAL Lda - Condeixa-a-Nova		EUR	100,000		100.00%	100.00%
VIVISOL SILARUS Srl - Battipaglia		EUR	18,200		56.70%	56.70%
VIVISOL Srl – Monza		EUR	2,600,000	51.00%	49.00%	100.00%
WIP WEITERBILDUNG IN DER PFLEGE GmbH - Neufahrn bei Freising		EUR	25,000		100.00%	100.00%

1) The Group's share as at December 31, 2022 includes a 5.40 % equity investment of SIMEST Spa; under an agreement entered into between SOL Spa and SIMEST Spa on November 25, 2022, SOL Spa is under obligation to repurchase the entire SIMEST Spa share by November 30, 2030.

2) The Group's share as at December 31, 2022 includes a 47.44 % equity investment of SIMEST Spa; under an agreement entered into between SOL Spa. and SIMEST Spa on November 25, 2022, SOL Spa is under obligation to repurchase the entire SIMEST Spa share by November 30, 2030.

b) jointly controlled companies, consolidated by adopting the equity method

Company name and registered office		Share capital	Ownership percentage
CONSORZIO ECODUE - Monza	EUR	800,000	50.00%
CT BIOCARBONIC GmbH - Zeitz	EUR	50,000	50.00%

c) non-consolidated subsidiary and associated companies

Company name and registered office		Share capital	Ownership percentage
FLOSIT PHARMA Sas - Casablanca	MAD	5,000,000	100.00%
GTE Sl - Barcelona	EUR	12,020	100.00%
NIPPON SANSO SHENWEI GASES Co. Ltd - Shanghai	CNY	18,224,460	31.62%
SHANGHAI SHENWEI GAS FILLING Co. Ltd - Shanghai	CNY	1,000,000	37.00%
ZDS JESENICE doo - Jesenice	EUR	10,000	75.00%

The companies FLOSIT PHARMA Sa and GTE Sl were not consolidated in that inactive and not relevant for the purposes of giving a true and fair view of the financial position, the results of the operations and of the cash flows of the Group.
The companies NIPPON SANSO SHENWEI GASES Co. Ltd and SHANGHAI SHENWEI GAS FILLING Co. Ltd were not consolidated in that they are minority interests.
ZDS JESENICE doo was not consolidated since it is administered by a minority shareholder.

d) associated companies, consolidated by adopting the equity method

Company name and registered office		Share capital	Ownership percentage
CONSORGAS Srl - Milan	EUR	500,000	25.79%
NEMO LAB Srl - Milan	EUR	14,286	30.00%
SHANGHAI JIAWEI MEDICAL GAS Co. Ltd - Shanghai	CNY	1,000,000	30.00%

Finally, equity investments in other companies were carried at fair value through profit and loss, as they cannot be included among subsidiary and associated companies.
The scope of consolidation between December 31, 2022 and December 31, 2021 underwent the following changes:

- with the inclusion of the Company BLA SERVICOS HOSPITALARES Ltda acquired in April 2022,
- with the inclusion of the Company JML SERVICOS HOSPITALARES Ltda acquired in April 2022,
- with the inclusion of the Company PROFI GESUNDHEITS - SERVICE GmbH acquired in July 2022,
- with the inclusion of the Company WIP WEITERBILDUNG IN DER PFLEGE GmbH acquired in August 2022,
- with the inclusion of the Company ITOP Spa OFFICINE ORTOPEDICHE and its subsidiaries ITOP ORTOPEDIE ASSOCIATE Srl, ITOP SERVIZI Srl, ITOP SICILIA Srl and ORTHOHUB Srl, acquired in September 2022,
- with the inclusion of the Company POLAR ICE Ltd acquired in November 2022,
- with the inclusion of the Company BHORUKA SPECIALTY GASES PRIVATE Ltd acquired in December 2022,
- with the inclusion of the Company GREEN ASU PLANT PRIVATE Ltd, acquired in December 2022,
- with the increase in shareholdings in the Company GLOBAL CARE Ltda from 84.83% to 85%,
- with the increase in the shareholdings in the Company REVI Srl from 80 % to 100%,
- with the increase in the shareholdings in the Company STERIMED Srl from 80 % to 100%,
- with the increase in shareholdings in the Company UNIT CARE Ltda from 85% to 89.50%,
- with the increase in the shareholdings in the Company INTENSIVPFLEGEDIENST KOMPASS GmbH from 70 % to 100%,
- with the increase in the shareholdings in the Company ALLERSHAUSEN CARE GmbH from 70 % to 100%,
- with the decrease in shareholdings in the Company VIVISOL HELLAS Sa from 100 % to 99.89%,
- with the exclusion of the Company SICGILSOL GASES PRIVATE Ltd Srl, merged by incorporation into the Company SOL INDIA PRIVATE Ltd on January 19, 2022,
- with the exclusion of the Company VIVICARE HELLAS Sa, merged by incorporation into the Company VIVISOL HELLAS Sa on January 17, 2022,
- with the exclusion of ISIMED Srl merged into VIVISOL Srl on May 2, 2022.

According to paragraph 264 Section 3 of the German Commercial Code, German subsidiaries:

- ALLERSHAUSEN CARE GmbH - Neufahrn bei Freising
- INTENSIVPFLEGEDIENST KOMPASS GmbH - Munich
- KSD KOHLENSÄURE-DIENST GmbH - Bretzfeld
- MEDTEK MEDIZINTECHNIK GmbH - Grunstadt
- PIELMEIER MEDIZINTECHNIK GmbH - Taufkirchen
- PROFI GESUNDHEITS - SERVICE GmbH - Weiler bei Bingen
- SOL DEUTSCHLAND GmbH - Krefeld
- SOL KOHLENSÄURE GmbH & Co. KG - Burgbrohl
- SOL KOHLENSÄURE VERWALTUNGS GmbH - Burgbrohl
- SOL KOHLENSÄure Werk GmbH & Co. KG - Burgbrohl
- SOL REAL ESTATE DEUTSCHLAND GmbH - Neufahrn bei Freising
- VIVICARE GmbH - Neufahrn bei Freising
- VIVICARE HOLDING GmbH - Neufahrn bei Freising
- VIVISOL DEUTSCHLAND GmbH - Neufahrn bei Freising
- VIVISOL INTENSIVSERVICE GmbH - Regensburg
- WIP WEITERBILDUNG IN DER PFLEGE GmbH - Neufahrn bei Freising

are exempted from the obligation to prepare and publish in Germany both the financial statements in accordance with generally accepted German accounting standards and the report on management and to allow the audit of those financial statements.

ACCOUNTING AND CONSOLIDATION PRINCIPLES

GENERAL PRINCIPLES

The consolidated financial statements of the SOL Group have been drawn up in Euro since this is the legal tender of the economies in the countries where the Group operates. The balances of the consolidated financial statement items, taking into account their importance, are expressed in thousands of Euro. Foreign subsidiaries are included in accordance with the principles described in the section “Consolidation principles - Consolidation of foreign companies“.

CONSOLIDATION STANDARDS

Subsidiary companies

These are companies over which the Group exercises control. Such control exists when the Group has the power, directly or indirectly, to determine the financial and operating policies of a company, for the purpose of obtaining the benefits from its activities. The financial statements of the subsidiary companies are included in the consolidated financial statements as from the date when control over the company was taken up until the moment said control ceases to exist. The portions of shareholders’ equity and the result attributable to minority shareholders are indicated separately in the consolidated balance sheet and income statement, respectively.
Subsidiaries are enterprises over which SOL has the power to determine autonomously the strategic choices of the enterprise in order to obtain the related benefits. In general, the existence of control is presumed when more than half of the voting rights in the ordinary Shareholders’ Meeting are directly or indirectly held also considering the potential votes i.e. voting rights deriving from convertible instruments.
Dormant subsidiaries are not included in the consolidated financial statements.

Jointly controlled companies

These are companies over whose activities the Group has joint control, as defined by *IFRS 11 – Joint Arrangements*. The consolidated financial statements include the portion pertaining to the Group of the results of the jointly controlled companies, recorded using the equity method, as from the date on which the significant influence started and until it ceases to exist.

Associated companies

These are companies in which the Group does not exercise control or joint control over the financial and operating policies (joint ventures that do not qualify as joint operations and associated companies) over which SOL exercises significant influence in determining their strategic decisions, albeit without having control over them, also considering the potential votes i.e. voting rights deriving from convertible instruments; significant influence is presumed when SOL holds, directly or indirectly, more than 20% of the voting rights in the ordinary Shareholders' Meeting.

The consolidated financial statements include the portion pertaining to the Group of the results of the associated companies, recorded using the equity method, as from the date on which the significant influence started and until it ceases to exist.

Equity investments in other companies

Equity investments in other companies (normally involving a percentage ownership of less than 20%) are carried at fair value and possibly written down to reflect any permanent losses in value. Subsequently, gains and losses deriving from changes in fair value are recognised directly in profit or loss for the period as permitted by *IFRS 9*.

Transactions eliminated during the consolidation process

All the balances and the significant transactions between Group companies, as well as unrealised gains and losses on inter company transactions, are eliminated during the preparation of the consolidated financial statements. Any unrealised gains or losses generated on transactions with associated companies are eliminated in relation to the value of the Group's shareholding in said companies.

The criteria applied for consolidation are as follows:

- Assets and liabilities, income and costs in financial statements consolidated on a line-by-line basis are entered into the Group financial statements, regardless of the entity of the equity interest concerned. Moreover, the carrying value of equity interests is derecognised against the shareholders' equity relating to investee companies;
- payable/receivable and cost/revenue items between consolidated companies and profits/losses arising from intercompany transactions are derecognised. Similarly, dividends and write-downs of equity investments recognised in the financial statements are eliminated;
- closing inventories for products purchased from Group companies are adjusted for the intra-group margins included therein, as these have not yet been realised with third parties.

  Capital gains realised on intra-group sales of intangible and tangible fixed assets are eliminated net of the amortisation/depreciation recorded on those gains.

  If minority shareholders exist, the portion of shareholders' equity and net profit for the period pertaining thereto is posted in specific items of the balance sheet and income statement;
- upon the sale of an investee that results in the loss of control, any goodwill attributable to the investee is taken into account in determining the gain or loss on disposal;
- in case of shareholdings acquired after control has been obtained, any difference between the purchase cost and the corresponding portion of shareholders' equity is recognised in equity; Similarly, the effects of the sale of minority interests without loss of control are recognised in equity.

Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rate in force as of the date of the transaction. Monetary assets and liabilities in foreign currencies at the reporting date are translated at the exchange rate in force at that date. Exchange differences arising from the settlement of monetary items or from their translation at exchange rates different from those used at the time of initial recording during the year or in previous financial statements, are booked to the income statement.

Consolidation of foreign companies

All the assets and liabilities of foreign companies denominated in currency other than the Euro that are included within the scope of consolidation are converted using the exchange rates in force at the reporting date (current exchange rate method). Income and costs are translated using the average rate for the year. The exchange differences emerging from the application of this method are classified as an equity account until the equity investment is disposed of.

Goodwill and adjustments to the fair value generated by the acquisition of a foreign company are stated in the relevant currency and translated using the period-end exchange rate.

The exchange rates used for converting the financial statements not expressed in Euro are indicated in the table below:

Currency		Exchange rate on 12.31.2022		Average exchange rate 2022		Exchange rate on 12.31.2021		Average exchange rate 2021
Czech Koruna	Euro	0.04147	Euro	0.04071	Euro	0.04023	Euro	0.03900
Macedonian dinar	Euro	0.01624	Euro	0.01623	Euro	0.01623	Euro	0.01623
Serbian dinar	Euro	0.00852	Euro	0.00852	Euro	0.00850	Euro	0.00851
Moroccan dirham	Euro	0.08962	Euro	0.09365	Euro	0.09539	Euro	0.09411
Hungarian forint	Euro	0.00249	Euro	0.00256	Euro	0.00271	Euro	0.00279
Swiss franc	Euro	1.01554	Euro	0.99532	Euro	0.96796	Euro	0.92498
Croatian Kuna	Euro	0.13269	Euro	0.13272	Euro	0.13306	Euro	0.13283
Albanian lek	Euro	0.00874	Euro	0.00841	Euro	0.00828	Euro	0.00817
Bulgarian lev	Euro	0.51130	Euro	0.51130	Euro	0.51130	Euro	0.51130
Turkish Lira	Euro	0.05009	Euro	0.05009	Euro	0.06564	Euro	0.09513
Convertible mark	Euro	0.51129	Euro	0.51129	Euro	0.51129	Euro	0.51129
New Romanian leu	Euro	0.20204	Euro	0.20279	Euro	0.20206	Euro	0.20319
Brazilian real	Euro	0.17735	Euro	0.18383	Euro	0.15848	Euro	0.15679
Indian rupee	Euro	0.01134	Euro	0.01209	Euro	0.01187	Euro	0.01144
British pound	Euro	1.12748	Euro	1.17266	Euro	1.19008	Euro	1.16333
Yuan renminbi	Euro	0.13590	Euro	0.14127	Euro	0.13899	Euro	0.13109
Polish Zloty	Euro	0.21364	Euro	0.21340	Euro	0.21754	Euro	0.21905

Business combinations

The business combinations are accounted for in accordance with the acquisition method in accordance with *IFRS 3*. According to this method, the consideration transferred in a business combination is measured at fair value, calculated as the sum of the fair value of the assets transferred and liabilities undertaken by the Group at the date of acquisition and of the equity instruments issued in exchange for the control of the acquired company. The expenses related to the transaction are generally recognised in the income statement when they are incurred.

The goodwill is determined as the surplus between the sum of the amounts transferred in the business combination, the value of shareholders' equity attributable to minority interests and the fair value of any equity investment previously held in the acquired company compared to the fair value of net assets acquired and liabilities undertaken at the date of acquisition. If the value of the net assets acquired and liabilities undertaken at the date of acquisition exceeds the sum of the amounts transferred, the value of shareholders' equity attributable to minority interests and the fair value of any equity investment previously held in the acquired company, this surplus is immediately recognised in the income statement as income arising from the concluded transaction.

The portions of shareholders' equity attributable to minority interests, at the date of acquisition, can be measured at fair value or at the pro-rata value of net assets recognised for the acquired company. The choice of the measurement method is carried out for each transaction.
Any amount subject to conditions stipulated by the contract of business combination are measured at fair value at the date of acquisition and included in the value of the amounts transferred in the business combination for the purposes of determining the goodwill.
In the case of business combinations that occurred in stages, the equity investment previously held by the Group in the acquired company is revalued at fair value at the date of acquisition of control and any ensuing gain or loss is recognised in the income statement. Any value arising from the equity investment previously held and recorded in Other profits (losses) are reclassified in the income statement as if the equity investment had been transferred.
The business combinations that occurred before January 1, 2010 were recognised according to the previous version of *IFRS 3*.

Minority shareholders

The portion of capital and reserves pertaining to minority shareholders in subsidiaries and the portion pertaining to minority shareholders of profit or loss for the year of consolidated subsidiaries are separately identified in the consolidated income statement and balance sheet. Changes in ownership shares of subsidiaries that do not involve acquisition/loss of control are accounted for under changes in shareholders' equity.

Acquisition of minority shares

After obtaining the control of a company, transactions in which the parent company acquires or transfers more minority interests without modifying the control over the subsidiary are to be considered transactions with shareholders and therefore must be recognised under shareholders' equity. It follows that the book value of the controlling interest and minority interests must be adjusted to reflect the change in interest in the subsidiary and any difference between the amount of the adjustment made to minority interests and the fair value of the price paid or received in respect of that transaction is recognised directly in the shareholders' equity and is attributed to the shareholders of the parent company. There will be no adjustment to the value of goodwill and profits or losses will be recognised in the income statement. The expenses arising from such transactions must also be recognised in equity in accordance with the requirements of *IAS 32* in paragraph 35.

Under common control transactions

A business combination involving enterprises or groups under common control (transaction under common control) is a combination in which all of the enterprises or businesses are ultimately controlled by the same person or persons both before and after the business combination and the control is not temporary.
If a significant influence on future cash flows after the transfer is demonstrated for all parties involved, these transactions are treated as described under "Business combinations and goodwill".
If, however, this cannot be demonstrated, such transactions are recognised according to the principle of continuity of values.
In particular, the accounting recognition criteria, in application of the principle of continuity of values, falling within the scope of what is indicated in *IAS 8.10*, in line with international practice and the orientations of the Italian accounting profession on the subject of business combinations under common control, envisage that the purchaser recognises the assets acquired on the basis of their historical book values determined on a cost basis. If the transfer values are higher than the historic values, the excess is reversed, reducing the shareholders' equity of the acquiring Group, with the recording of a special reserve in its financial statements.
Similarly, the accounting standard adopted in preparing the financial statements of the transferring Group provides that any difference between the transaction price and the pre-existing book value of the transferred assets is not recognised in the income statement, but is instead recognised as a credit to shareholders' equity.

ACCOUNTING STANDARDS

TANGIBLE FIXED ASSETS

Cost

Real estate property, plant and machinery are stated at purchase or production cost, inclusive of any related charges. For assets that justify capitalisation, the cost also includes the financial expenses that are directly attributable to the acquisition, construction or production of said assets.
The costs incurred subsequent to purchase are capitalised only if they increase the future economic benefits inherent to the assets to which they refer.
Gains and losses from sale or disposal of assets are calculated as the difference between the sales revenue and the net book value of the asset and are recognised in profit or loss of the financial year.
All the other costs are recorded in the income statement when incurred.
Assets held under financial lease agreements, via which all the risks and benefits associated with the ownership are essentially transferred to the Group, are recorded as Group assets at their current value or, if lower, at the net current value of minimum lease payments due. The corresponding liability owed to the lessor is recorded in the financial statements under financial payables. The assets are depreciated by applying the following method and rates. The recoverability of their value is ascertained in accordance with the approach envisaged by *IAS 36* illustrated in the following paragraph "Impairment of assets". Write-downs made may be reversed in the context of the original cost incurred.
The costs capitalised for leasehold improvements are attributable to the classes of assets to which they refer and depreciated over the residual duration of the rental contract or the residual useful life of the improvement, whichever period is shorter.
If the individual components of the compound fixed asset are characterised by different useful lives, they are recorded separately so as to be depreciated on a consistent basis with their duration ("component approach). Specifically, according to this approach, the value of land and the value of the buildings on it are separated and just the building is depreciated.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, as follows:

Land	-	
Buildings	2%	- 10 %
Plant and machinery	7,5%	- 20 %
Industrial and commercial equipment	5.5%	- 25 %
Other assets	10%	- 30 %

Lease agreements

The Group must assess whether the agreement is, or contains, a lease at the date it is entered into. The Group recognises the Right of Use and the related lease liability for all lease arrangements as lessee, except for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets (by Group policy, such assets are those with a value of less than Euro 10,000 when new). For the latter, the Group recognises the related payments as operating expenses on a straight-line basis over the term of the contract unless another method is more representative. The agreements for which this last exemption was applied fell mainly within the following categories:

- computers, phones and tablets;
- printers;
- equipment;
- other electronic devices;
- other assets.

With reference to these exemptions, the Group recognises the related payments as operating expenses recognised on a straight-line basis over the term of the agreement
The lease payments included in the value of the lease liability include:
- the fixed component of the lease payments, net of any incentives received;
- variable lease payments based on an index or rate, initially measured using the index or rate at the effective date of the agreement;
- the amount of guarantees for the residual value that the lessee expects to pay;
- the exercise price of the purchase option, which must be included only if the exercise of that option is considered reasonably certain;
- penalties for early termination of the lease if the lease term provides for an option to terminate the lease and the exercise of that option is reasonably certain.

Subsequent to initial recognition, the book value of the lease liability increases due to accrued interest (using the effective interest method) and decreases due to payments made under the lease agreement.
The Group recalculates the lease liability (and adjusts the corresponding right-of-use value) if:
- *t*he duration of the lease changes or there is a change in the valuation of the exercise of the option right; in which case the lease liability is restated by discounting the new lease payments at the revised discount rate.
- changes in the value of the lease payments as a result of changes in indices or rates, in such cases the lease liability is restated by discounting the new lease payments at the original discount rate (unless the lease payments change as a result of fluctuations in interest rates, in which case a revised discount rate shall be used).
- a lease agreement has been amended and the amendment does not qualify for separate recognition of the lease agreement. In such cases, the lease liability is restated by discounting the new lease payments at the revised discount rate.

The right-of-use asset comprises the initial measurement of the lease liability, lease payments made before or on the effective date of the lease and any other initial direct costs. The right of use is recognised in the financial statements net of depreciation and any impairment losses.
Lease-related incentives (e.g. rent-free periods) are recognised as part of the initial value of the right-of-use and lease liability over the contractual period.
The right of use is depreciated on a systematic basis at the lower of the lease term and the residual useful life of the underlying asset. If the lease agreement transfers ownership of the related asset or the cost of the right of use reflects the Group's intention to exercise the purchase option, the related right of use is amortised over the useful life of the asset in question. Depreciation starts from the commencement of the lease term.
The Group applies *IAS 36* Impairment of Assets in order to identify the presence of any impairment losses.

Public grants

Public grants are recognised in the financial statements when there exists a reasonable certainty that the company will meet all the conditions for receiving the contributions and that the contributions will be received. When the contributions are related to cost components, they are recognised as revenues, but are allocated systematically across the financial periods in order to be proportionate to the costs that they intend to compensate. If a contribution is related to an asset, the asset and the contribution are recognised for their nominal values and they are gradually discharged to the income statement, on a straight-line basis, along the expected useful life of the asset of reference.
If the Group receives a non-monetary contribution, the asset and contribution are recognised at their nominal value and discharged to the income statement, on a straight-line basis, along the expected useful life of the asset of reference. In case of loans or similar forms of assistance supplied by government entities or similar institutions that have an interest rate lower than the current market rate, the effect related to the favourable interest rate is considered as an additional public grant.

INTANGIBLE ASSETS

Goodwill and consolidation differences

In the event of the acquisition of businesses, the assets, liabilities and potential liabilities acquired and identifiable are stated at their current value (fair value) as of the date of acquisition. The positive difference between the purchase cost and the portion of the current value of these assets and liabilities pertaining to the Group is classified as goodwill and recorded in the financial statements as an intangible asset. Any negative difference ("negative goodwill") is by contrast stated in the income statement at the time of acquisition.
Goodwill is not amortised, but is subject annually (or more frequently if specific events or changed circumstances indicate the possibility of having suffered an impairment) to checks in order to identify any reduction in value, carried out at Cash Generating Unit level to which the Company's management charges said goodwill, in accordance with the matters anticipated by *IAS 36* - Impairment of assets. After initial recognition, goodwill is valued at cost, net of any accumulated impairment losses.
Any write-downs made are not subject to subsequent reinstatement.
At the time of the disposal of a portion or of the whole of a company previously acquired, whose acquisition gave rise to goodwill, account is taken of the corresponding residual value of the goodwill when determining the capital gain or loss on the disposal.
At the time of initial adoption of the *IFRS*, the Group chose not to retroactively apply *IFRS 3* - Business Combinations, to the acquisitions of businesses that took place prior to January 1, 2004; consequently, the goodwill generated on the acquisitions prior to the date of transition to the IFRS is maintained at the previous value, as are the consolidation reserves recorded under the shareholders' equity, determined in accordance with Italian accounting standards, subject to assessment and recognition of any impairment losses at that date.

Other intangible fixed assets

The other intangible fixed assets purchased or produced internally are identifiable assets lacking physical consistence and are recorded under assets, in accordance with the matters laid down by *IAS 38* – Intangible assets, when the company has control over said assets and it is probable that the use of the same will generate future economic benefit and when the cost of the assets can be reliably determined.
These assets are measured at purchase or production cost and amortised on a straight-line basis over their estimated useful lives, if the same have a definite useful life. Intangible fixed assets with an indefinite useful life are not amortised, but are subject annually (or more frequently if there is indication that the asset may have suffered an impairment) to assessment in order to identify any reductions in value.
Other intangible fixed assets recorded following the acquisition of a company are recorded separately from the goodwill, if their current value can be determined reliably.

IMPAIRMENT OF ASSETS

IAS 36 requires the company to test tangible and intangible and fixed assets for impairment where indicators that such problem may persist are present. In the case of other intangible assets with an indefinite useful life or assets not available for use (in progress), this assessment is made at least annually.
The Group periodically assesses the recoverability of the book value of the Intangible assets and the Real estate property, plant and machinery, so as to determine if there is any indication that said assets have suffered an impairment loss. If such indication occurs, it is necessary to estimate the recoverable amount of the assets in order to establish the entity of the possible impairment loss. An intangible asset with an indefinite useful life is tested for impairment annually or more frequently, whenever there is an indication that the asset may be impaired.
When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the unit generating the financial flows to which the asset belongs.
The recoverability of the recognised amounts is tested by comparing the book value recognised in the financial statements with the fair value net sale price, if an active market exists, or the value in use of the asset, whichever is greater.

In calculating the usage value, the estimated future cash flows are discounted to their current value using a rate that reflects the current market valuations of the current value of cash and the asset's specific risks. The main assumptions used for calculating the value of use concern the discount rate, growth rate, expected changes in selling prices and cost trends during the period used for the calculation. The growth rates adopted are based on future market expectations in the relevant sector. Changes in the sales prices are based on past experience and on the expected future changes in the market. The Group prepares operating cash flow forecasts resulting from the business plan prepared by the Directors and approved by the Board of Directors of the parent company and determines the terminal value (current value of perpetual income), based on a medium- and long-term growth rate in line with that of the specific sector to which it belongs.
If the recoverable amount of an asset (or *CGU*) is estimated to be lower than its book value, the latter is reduced to the lower recoverable amount, immediately recognising impairment in the income statement.
When there is no longer any reason for a write-down to be maintained, the book value of the asset (or of the cash-generating unit) - with the exception of goodwill - is increased to the new value resulting from the estimate of its recoverable amount, but not beyond the net book value that the asset would have had if it had not been written down for impairment. Reversal of impairment loss is recognised immediately in the income statement.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions governing the instrument.
The Equity investments and other non-current financial assets item includes the equity investments in non-consolidated companies and other non-current financial assets (securities held with the intention of maintaining them in the portfolio until maturity, non-current receivables and loans and other non-current financial assets available for sale).
Current financial instruments include trade receivables, current securities, other current financial assets and liquid funds and equivalents.
Financial liabilities include financial payables and trade payables.
Equity investments in non-consolidated companies are stated in accordance with the matters established by *IAS 28* - Investments in associated and Joint Ventures , as described in the previous section entitled "Consolidation principles"; equity investments in other companies are stated at cost net of any write-downs. Other non-current financial assets, as well as current financial assets and financial liabilities, are stated in accordance with the approach established by *IAS 39* - Financial instruments: recognition and measurement.
Current financial assets and securities held with the intention of maintaining them in the portfolio until maturity are recorded in the accounts with reference to the date of trading and, at the time of initial recognition in the financial statements, are measured at acquisition cost, including any costs related to the transaction.
Subsequent to initial recognition, the financial instruments at *FVTOCI* and those available for trading are measured at fair value. If the market price is not available, the fair value of the financial instruments at FVTOCI available for sale is measured by means of the most appropriate measurement techniques, such as, for example, the analysis of the discounted back cash flows, made with the market information available at the end of the reporting period.
When an investment in a debt instrument measured as *FVTOCI* is derecognised, the cumulative gain (loss) previously recognised in other comprehensive income is reclassified from equity to profit or loss through a reclassification adjustment.
Conversely, when an investment in an equity instrument designated as measured at *FVTOCI* is derecognised, the cumulative gain (loss) previously recognised in other comprehensive income is subsequently transferred to retained earnings without passing through profit or loss.
Current assets denominated in foreign currencies for which hedging transactions through derivative instruments are undertaken are measured in accordance with hedge accounting, where applicable.
Gains and losses on financial assets available for sale are recorded directly under shareholders' equity until

the financial asset is sold or is written down; then, the accumulated gains or losses, including those previously recorded under shareholders' equity, are recorded in the income statement for the period.
Loans and receivables that the Group does not hold for trading purposes (loans and receivables originated during core business activities), securities held with the intention of being maintained in the portfolio until maturity and all the financial assets for which listings on an active market are not available and whose fair value cannot be determined reliably, are calculated at amortised cost, if they have a pre-established maturity, using the effective interest method. When the financial assets do not have a pre-established maturity, they are measured at purchase cost.
Measurements are regularly carried out so as to check if objective evidence exists whether a financial asset or a group of assets have suffered an impairment loss. If objective evidence exists, the impairment loss will have to be recorded as a cost in the income statement for the period.
The financial liabilities hedged by derivative instruments are valued in accordance with the formalities established by *IAS 39* for hedge accounting applying the following accounting treatments:

- fair value hedge: the profits or losses deriving from fair value measurements of the hedged instrument are recorded in the income statement;
- cash flow hedge: the effective portion of profits or losses deriving from fair value measurements of the hedged instrument are recorded in the income statement.

IMPAIRMENT OF FINANCIAL ASSETS

The recoverability of financial assets not measured at fair value through profit or loss is measured on the basis of the Expected Credit Loss (ECL) model introduced by *IFRS 9*.
Expected losses are generally determined by multiplying: (i) the exposure to the counterparty by (ii) the probability of default (PD) of the counterparty; (iii) the estimate, in percentage terms, of the amount of credit that will not be recovered in the event of a defined loss given default (LGD), as well as past experience and possible recovery actions available.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets are derecognised whenever one of the following conditions occurs:

- the contractual right to receive cash flows from the asset has expired;
- the Group has transferred substantially all the risks and benefits related to the asset, either by transferring its rights to receive cash flows from the asset or by assuming a contractual obligation to return the cash flows received to one or more recipients under a contract that meets the requirements of *IFRS 9;*
- the Group has neither transferred nor retained substantially all the risks and benefits related to the financial asset but has transferred control of it.

The financial liabilities are derecognised when they are extinguished, i.e. when the contractual obligation is discharged, cancelled or expired.
When an existing financial liability is replaced by another to the same creditor on substantially different terms, or the terms of an existing liability are substantially changed, such replacement or change is treated as derecognition of the original liability and recognition of a new liability. The difference between the respective book values is recognised in the income statement.

DERIVATIVE INSTRUMENTS

The financial liabilities hedged by derivative instruments are valued in accordance with the formalities established by *IAS 39* for Hedge accounting applying the following accounting treatments:

- fair value hedge: the profits or losses deriving from fair value measurements of the hedged instrument are recorded in the income statement;

- cash flow hedge: the effective portion of profits or losses deriving from fair value measurements of the hedged instrument are recorded in the income statement.

The Group decided to continue to use the hedge accounting rules set out in *IAS 39* for all hedges already designated in hedge accounting in previous years and for new hedges designated in 2020.

DISCLOSURE

IFRS 7 requests additional information aimed at appreciating the importance of the financial instruments in relation to economic performances and to the financial position of a company. The accounting principle requires a description of the targets, policies and procedures carried out by the Management for the different types of financial risk (liquidity market and credit risk) to which the subject is exposed, including sensitivity analysis for each type of market risk (exchange rate, interest rate, equity, commodity) and report on the concentration and average, minimum and maximum exposure to the different types of risk during the period of reference, if the existing exposure at the end of the period is not sufficiently representative.
IAS 1 regulates among other things report obligations to be supplied on the targets, policies and management processes of the share capital, specifying, in case of capital requirements imposed by third parties, the management nature and method and any consequence of lack of compliance. For qualitative and quantitative analysis, refer to Note 25 "Financial Instruments".

INVENTORIES

Inventories of raw materials, semi-finished and finished products are valued at the lower of cost and market value, cost being determined using the weighted average cost method. The measurement of the inventories includes the direct costs of the materials and the labour and the indirect costs (variable and fixed). Write-down allowances are calculated for materials, finished products and other supplies considered obsolete or slow-moving, taking into account their future expected usefulness or their realisable value.
Contract work in progress is measured on the basis of the stage of completion, net of any advance payments invoiced to customers.
Any losses on these contracts are booked to the income statement in full at the time they become known.

LOANS

Loans are initially measured at cost, corresponding to the fair value of the amount received, net of additional charges incurred to obtain the loan.
After initial recognition, loans are recognised at amortised cost calculated by applying the effective interest rate. The effective interest method is the method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts future payments (including all fees, transaction costs and other premiums or discounts) over the term of the financial liability or, if more appropriate, over a shorter period. Loans are classified among current liabilities unless the Group has the unconditional right to defer discharge of a liability by at least 12 months after the reporting period.

EMPLOYEE BENEFITS

Post-employment benefits are defined on the basis of plans, even if not yet formalised, which, based on their nature, are classified as "defined contribution" and "defined benefit". In defined contribution plans, the company's obligation is limited to the payment of contributions to the State or to a legally separate entity (so called Fund), and is determined on the basis of contributions due, reduced by amounts already paid over, if any.
The liability for defined benefit plans, net of any assets serving the plan, is determined on the basis of actuarial calculations and is recognised on an accrual basis on a consistent basis with the period of employment necessary to obtain the benefit.

The severance indemnity is classified as a defined benefit plan-type post-employment benefit, whose accrued sum must be projected so as to estimate the amount to be paid out on termination of the employment relationship and subsequently discounted back, using the projected unit credit method, which is based on demographic and financial type hypothesis in order to make a reasonable estimate of the sum total of the benefits that each employee has already accrued against their employment services.
By means of the actuarial measurement, the current service cost that defines the sum total of the rights accrued during the year by the employees is charged to the income statement item "payroll and related costs" and the interest cost which represents the figurative liability that the company would incur by requesting the market for a loan for the same amount as the severance indemnity is booked under "financial income/expense".
The re-measurement components of the net liabilities, which include the actuarial profits and losses, are immediately recorded in the Statement of Comprehensive Income. Such components need not be reclassified in the Income Statement.

PROVISIONS FOR RISKS AND CHARGES

The Group records provisions for risks and charges when it has a legal or implied obligation vis-à-vis third parties, and it is probable that it will become necessary to use Group resources in order to fulfil the obligation and when a reliable estimate of the sum total of said obligation can be made.
The estimate changes are reflected in the income statement in the period when the change took place.

TREASURY SHARES

Treasury shares, if present, are stated as a decrease to the shareholders' equity. The original cost of the treasury shares and the revenues deriving from any subsequent sales are recorded as changes in shareholders' equity.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded at the exchange rate in force as of the date of the transaction. Monetary assets and liabilities in foreign currency are translated at the exchange rate in force at the reporting date. Exchange differences arising from the settlement of monetary items or from their translation at exchange rates different from those used at the time of initial recording during the year or in previous financial statements, are booked to the income statement.

HYPERINFLATIONARY ECONOMIES

The SOL Group controls companies based in Turkey, a country that has been defined as having high inflation in 2022, as the cumulative inflation rate over the last three years has exceeded 100 %. According to the accounting standard *IAS 29* Financial Reporting in Hyperinflationary Economies, the financial statements of Turkish companies must be restated according to specific procedures and a valuation process, in order to eliminate the distorting effects of the loss of the purchasing power of money.
In the income statement, costs and revenues are revalued by applying the change in the general consumer price index. With regard to the balance sheet, monetary items are not revalued as they are already expressed in the current unit of measurement at the end of the reporting period; On the other hand, non-monetary assets and liabilities are revalued from the date of initial recognition to the end of the reporting period.
The financial statements are translated into Euro by applying the period-end exchange rate for both balance sheet and income statement items.

REVENUE RECOGNITION

Revenues are recognised to the extent that control is transferred so that it is probable that the Group will receive the economic benefits and their amount can be reliably measured.

Revenues are stated net of any adjusting entries.
Revenue from contracts with customers are recognised on the basis of the following five steps:
(i) identifying the contract with a customer;
(ii) identifying the performance obligations, represented by promises in a contract to transfer to a customer goods or services;
(iii) determining the transaction price;
(iv) allocating the transaction price to each performance obligation on the basis of the relative selling prices of each distinct good or service;
(v) recognising revenue when a performance obligation is satisfied by transferring a promised good or service to a customer. The transfer is considered completed when the customer obtains control of the good or service, which can take place continuously (over time) or at a specific time (at a point in time).

Revenue is recognised at the fair value of the amount of consideration to which the company believes it is entitled in exchange for the goods and/or services promised to the customer, excluding amounts collected on behalf of third parties. In the presence of a variable consideration, the company estimates the amount of the consideration to which it will be entitled in exchange for the transfer of the goods and/or services promised to the customer; in particular, the amount of the consideration may vary where there are discounts, rebates or bonuses or where the price itself depends on the occurrence or non-occurrence of certain future events.
Exchanges between goods or services of a similar nature and value, since they do not represent sales transactions, do not result in the recognition of revenues.
Revenue from sales is recognised upon the transfer of ownership, which generally coincides with the shipment or delivery of the goods. Grants related to income are fully recognised in the income statement when the recognition requirements are met. Financial income and expense are recognised on an accrual basis.

COST RECOGNITION

Costs and expenses are recognised in the financial statements on an accrual basis.

FINANCIAL INCOME AND EXPENSE

Financial income and expense are recognised in the income statement on an accrual basis.
In particular, interest income and expense are recognised on an accrual basis, according to the amount of the loan and the effective interest rate, which represents the rate used to discount estimated future cash receipts/payments over the expected life of the financial asset/liability to the book value.

TAX

Income taxes include all the taxation calculated on the Group’s taxable income. Income taxes are recorded in the income statement, with the exception of those relating to items directly debited against or credited to shareholders’ equity, in which case the tax effect is booked directly to shareholders’ equity. Provisions for taxation that might be generated by the transfer of the non-distributable profit of subsidiary companies, are made solely when there is the real intention to transfer said profit.
Other taxes not linked to income, such as taxes on property and on capital, are included under Operating expense.
Deferred taxes are provided for according to the method of the overall provision of the liability. They are calculated on all the timing differences that emerge between the taxable base of an asset or liability and the book value in the consolidated financial statements, with the exception of goodwill not deductible for tax purposes.
Deferred tax assets on tax losses and unused tax credits carried forward, are recognised to the extent that future taxable income may be available against which they can be recovered.
Current and deferred tax assets and liabilities are offset when the income taxes are applied by the same tax authority and when there is a legal right to offset. Deferred tax assets and liabilities are determined using the tax rates that are expected to be applicable, within the respective legal systems of the countries where the Group

operates, during the accounting period when the timing differences will be realised or cancelled.
Pursuant to Italian Enabling Act no. 80 of April 7, 2003, as amended, from the current financial year, the parent company SOL Spa is the consolidating company; in addition to SOL Spa, the scope of consolidation also includes AIRSOL Srl, BIOTECHSOL Srl and DIATHEVA Srl.

DIVIDENDS

Dividends payable are represented as changes in shareholders' equity during the accounting period when they are approved by the shareholders' meeting.

EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the Group's economic result by the weighted average of the shares in circulation during the year, excluding treasury shares.

CASH FLOW STATEMENT

The cash flow statement is drawn up by applying the indirect method via which the pre-tax result is adjusted by the effects of the non-monetary transactions, by any deferral or provision of previous or future operative collections or payments.

USE OF ESTIMATES

The preparation of the financial statements and the related notes in accordance with the *IFRS* requires management to make estimates and assumptions that have an effect on the values of the financial statement assets and liabilities and on the disclosures relating to the potential assets and liabilities at the end of the reporting period. The results that will make up the final balances may differ from said estimates. The estimates are used to obtain provisions for risks and charges, asset write-downs, employee benefits, taxation, other provisions, determining the lease term and funds. The estimates and assumptions are periodically reviewed and the effects of each change are immediately reflected in the income statement.
In general, the use of estimates is particularly important for depreciation/amortisation, measurement of derivative instruments, calculation of risk provisions and write-down provisions or other assets, calculation of revenue as well as impairment test.

RIGHTS OF USE

The new standard *IFRS 16* provides a new definition of lease and introduces a criterion based on the control (right of use) of an asset to distinguish lease agreements from service contracts, identifying the following as discriminating: the identification of the asset, the right to replace it, the right to substantially obtain all of the economic benefits resulting from the use of the asset and, most recently, the right to direct the use of the asset underlying the contract.
As a result of the introduction of the new standard in the income statement as from January 1, 2019, the depreciation charges of rights of use determined on the basis of the defined lease terms, based on the assessments made regarding the probability of renewal, and the accrued portion of financial expense related to the liabilities are recognised. This process implies a high degree of judgement by the management.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts reflects the Group's estimate of losses on receivables from customers.
The estimate of the allowance for doubtful accounts is based on expected losses, calculated on the basis of past experience for similar receivables, current and historical past dues, losses and payments received, the careful monitoring of credit quality, and projections of economic and market conditions.

RECOVERABLE AMOUNT OF NON-CURRENT ASSETS

Non-current assets include property, plant and equipment, intangible assets, equity investments and other financial assets. The Management periodically reviews the book value of non-current assets held and used and of the assets that must be disposed of, when events and circumstances require such a review. This activity is carried out using estimates of cash flows expected from the use or sale of the asset and appropriate discount rates to calculate the current value. When the book value of a non-current asset is impaired, the company recognises an impairment loss for the amount by which the book value of the asset exceeds its recoverable amount through use or sale, calculated by reference to the most recent plans.

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

The company recognises current taxes, deferred tax assets/liabilities in accordance with the regulations in force. The recognition of taxes requires the use of estimates and assumptions as to how to read the applicable rules and their effect on the company's taxation in relation to transactions during the year. Moreover, the recognition of deferred tax assets/liabilities requires the use of estimates of future taxable income and its changes as well as the actual applicable tax rates. These activities are carried out by analysing transactions and their tax profiles, also with the support, where necessary, of external consultants for the various issues addressed and through simulations of future income and their sensitivity analyses.

PENSION PLANS

Some Group companies can participate in pension plans; in Italy, the Employee Severance Indemnity fund is configured as a defined-benefit plan (with the exception of the portions of Employee Severance Indemnities accrued from January 1, 2007, which are configured as defined contribution plans). The Group uses various statistical assumptions and assessment factors in order to anticipate future events for the calculation of expenses, liabilities and assets related to these plans. The assumptions concern the discount rate, the expected return on plan assets and the rates of future salary increases. Moreover, the Group's consulting actuaries also use subjective factors, such as mortality and resignation rates or assumptions about the expected return on plan assets.

POTENTIAL LIABILITIES

The Group is subject to legal and tax disputes regarding a wide range of issues that are within the jurisdiction of various countries. Given the uncertainties surrounding these issues, it is difficult to predict whether and to what extent they will give rise to a payout.
Cases and disputes against the Group can derive from complex and difficult legal issues, which may be subject to varying degrees of uncertainty, including the facts and circumstances surrounding each case, jurisdiction and different applicable laws. In the ordinary course of business, the Group consults as necessary with its legal advisors and experts in tax or regulatory matters. The Group recognises a liability for disputes when it considers it probable that a financial outlay will be made and when the amount of resulting losses can be reasonably estimated. If a financial outlay becomes possible but the amount cannot be determined, that fact is reported in the explanatory notes.
All the amounts represented in the diagrams and tables are expressed in thousands of Euro.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS OF THE *IFRS* APPLIED AS FROM JANUARY 1, 2022

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

- On May 14, 2020, the *IASB* published the following amendments called:
  - ***Amendments to*** *IFRS 3* Business Combinations: the purpose of the amendments is to update the reference

in *IFRS 3* to the Conceptual Framework in the revised version, without changing the requirements.
- *Amendments to IAS 16 Property, Plant and Equipment*: the purpose of the amendments is not to allow the deduction of the amount received from the sale of goods produced during the testing phase of the asset from the cost of tangible assets. These sales revenues and related costs will therefore be recognised in the income statement.
- *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets*: the amendment clarifies that all costs directly attributable to the contract must be taken into account when estimating the possible onerousness of a contract. Accordingly, the assessment of whether a contract is onerous includes not only incremental costs (such as the cost of direct material used in processing), but also all costs that the enterprise cannot avoid because it has entered into the contract (such as, for example, the share of depreciation of machinery used for the performance of the contract).
- *Annual Improvements 2018-2020*: amendments were made to *IFRS 1* First-time Adoption of International Financial Reporting Standards, *IFRS 9* Financial Instruments, *IAS 41* Agriculture and to Illustrative Examples of *IFRS 16* Leases.

The adoption of these amendments had no impact on the consolidated financial statements of the Group.

ACCOUNTING PRINCIPLES, AMENDMENTS AND *IFRS* AND *IFRIC* INTERPRETATIONS APPROVED BY THE EUROPEAN UNION THAT ARE NOT YET OBLIGATORY AND THAT THE COMPANY HAS NOT APPLIED IN ADVANCE AS AT DECEMBER 31, 2022

- On February 12, 2021, the *IASB* published two amendments called Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 and Definition of Accounting Estimates - Amendments to *IAS 8*. The amendments are intended to improve the disclosure of accounting policies so as to provide more useful information to investors and other primary users of financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments apply beginning on January 1, 2023, but earlier application is permitted. The directors do not expect a significant effect on the Group's consolidated financial statements through the adoption of these amendments.
- On May 7, 2021, the *IASB* published an amendment called "Amendments to *IAS 12* Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The document clarifies how deferred taxes should be accounted for on certain transactions that may generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments apply beginning on January 1, 2023, but earlier application is permitted. The directors do not expect a significant effect on the Group's consolidated financial statements through the adoption of this amendment.

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

At the end of the reporting period, the competent bodies of the European Union have not yet completed the approval process required to adopt the amendments and standards described below:

- On January 23, 2020, the IASB published an amendment called *Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or* Non-current and on October 31, 2022, the IASB published an amendment called *Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants*. The purpose of the documents is to clarify how to classify debts and other short or long term liabilities. The amendments are effective beginning on January 1, 2024; however, companies may opt for earlier application. The directors do not expect a significant effect on the Group's consolidated financial statements through the adoption of this amendment.
- On September 22, 2022, the *IASB* published an amendment called Amendments to *IFRS 16* Leases: Lease Liability in a Sale and Leaseback. The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction in such a way that no income or loss is recognised in respect of the retained right of use. The amendments apply beginning on January 1, 2024, but earlier application is

permitted. The directors do not expect a significant effect on the Group's consolidated financial statements through the adoption of this amendment.

- On January 30, 2014, the *IASB* published *IFRS 14* - Regulatory Deferral Accounts , which allows only those who adopt IFRS for the first time to continue to recognise amounts relating to Rate Regulation Activities in accordance with the previously adopted accounting standards. Since the Company is not a first-time adopter, this principle is not applicable.

INFORMATION ON RISKS

RISKS RELATED TO THE GENERAL ECONOMIC TREND

The Group performance is affected by the increase or decrease of the gross national product and industrial production, cost of energy products and health expense policies adopted in the different European countries in which the Group works.
The economic trend in the post-pandemic period and the consequences of the recent Ukrainian crisis could cause a slowdown in various sectors of the economy in the countries where the SOL Group operates.

RISKS RELATING TO THE GROUP'S RESULTS

The SOL Group partially operates in sectors considerably regulated by economic cycles related to the trend in industrial production, such as the steel, metal working, engineering, chemical and glass manufacturing industries. In the case of an extended decline in business, the growth and profitability of the Group could be partially affected.
Moreover, government policies for reducing healthcare expenses could reduce margins in the home-care and medical gas and service sectors.

RISKS RELATED TO FUND REQUIREMENTS

The SOL Group carries on an activity that entails considerable investments both in production and in commercial equipment and expects to face up to requirements through the flows deriving from the operational management and from new loans.
Operational management should continue to generate sufficient financial resources, while the use of new loans, notwithstanding the Group's excellent capital and financial structure, may show higher interest rates and spreads than in the past.

OTHER FINANCIAL RISKS

The Group is exposed to financial risks associated with its business operations:
- credit risk in relation to normal trade transactions with customers;
- liquidity risk, with particular reference to the raising of financial resources associated with investments and with the financing of working capital;
- market risks (mainly relating to exchange and interest rates and to commodity costs), in that the Group operates internationally in different currency areas and uses interest-bearing financial instruments.

Credit risk

The granting of credit to end customers is subject to specific assessments by means of structured credit facility systems.
Positions amongst trade receivables for which objective partial or total non-recoverability is ascertained, are subject to individual write-down. Provisions are made on a collective basis for receivables that are not subject to individual write-down, taking into account the historic experience, the statistical data and, as a result of the

introduction of the new accounting standard *IFRS 9*, on the basis of a predictive approach, based on the counterparty's probability of default, the ability to recover in case of loss given default and also of expected future losses.

Liquidity risk

The liquidity risk may arise with the inability to raise, under good financial conditions, the financial resources necessary for the anticipated investments and the financing of working capital.
The Group has adopted a series of policies and processes aimed at optimising the management of the financial resources, reducing the liquidity risk, such as the maintenance of an adequate level of available liquidity, the obtaining of adequate credit facilities and the systematic monitoring of the forecast liquidity conditions, in relation to the corporate planning process.
Management believes that the funds and the credit facilities currently available, in addition to those that will be generated by operating and financing activities, will permit the Group to satisfy its requirements resulting from investment activities, working capital management and debt repayments on their natural maturity dates.

Exchange rate risk

In relation to sales activities, the Group companies may find themselves with trade receivables or payables denominated in currencies other than the reporting currency of the company that holds them.
A number of Group subsidiary companies are located in countries outside the Eurozone, in particular Switzerland, Bosnia, Serbia, Albania, North Macedonia, Bulgaria, Hungary, Romania, the UK, Morocco, Poland, Czech Republic, India, Turkey, Brazil and China. Since the reference currency for the Group is the Euro, the income statements of these companies are translated into Euro using the average exchange rate for the period and, revenues and margins in local currency being equal, changes in interest rates may have an effect on the equivalent value in Euro of revenues, costs and economic results.
Assets and liabilities of the consolidated companies whose reporting currency is not the Euro can adopt equivalent values in Euro that differ depending on the exchange rate trend. As envisaged by the accounting standards adopted, the effects of these changes are booked directly to shareholders' equity, under the item "Other reserves".
Some Group companies purchase electricity that is used for the primary production of technical gasses. The price of electricity is affected by the Euro/dollar exchange rate and by the price trend of energy commodities. The risk related to their fluctuations is mitigated by signing, as much as possible, fixed price purchase contracts or with a variation measured over a longer time period. Moreover, almost all supply contracts to customers are index-linked in such a way as to cover the fluctuation risks shown above.
The Parent Company has two bond loans outstanding for a total of USD 22.5 million. To hedge the exchange rate risk, two cross currency swaps were made in Euros on the total loan amount and for the entire duration (12 years). The fair value of the CCSs as at December 31, 2022 was positive in the amount of Euro 3,143 thousand.
With regard to the currency weakness involving the Turkish lira, note that Group companies resident in Turkey operate only within the country, but there could be a negative effect on their profitability as a result of the higher cost of products purchased from third countries.
As the conditions were met, *IAS 29* - Hyperinflation to Financial Statements was applied to the financial statements of Turkish companies in 2022.

Interest rate risk

The interest rate risk is managed by the parent company by centralising most of the medium/long-term debt and by appropriately dividing the loans between fixed rate and floating rate, favouring, when possible and convenient, medium/long-term debt with fixed rates, also through specific Interest Rate Swap agreements.
Some Group companies have entered into a number of Interest Rate Swap agreements linked to two floating rate medium-term loans with the aim of guaranteeing a fixed rate on said loans. The nominal value as at December 31, 2022 is equal to Euro 133,909 thousand and the positive fair value is equal to Euro 9,851 thousand.

RISKS RELATING TO PERSONNEL

In various countries in which the Group operates, employees are protected by different laws and/or collective labour contracts that guarantee them the right to be consulted on specific issues - including the downsizing and closing of departments and the reduction of staff numbers - through representations. This could affect the Group’s flexibility in strategically redefining its own organisations and activities.
The management of the Group consists of persons of proven expertise who normally have long-standing experience in the sectors in which the Group operates. The replacement of any person in management may require a long period of time.

RISKS RELATED TO THE ENVIRONMENT AND CLIMATE CHANGE

The products and the activities of the SOL Group are subject to increasingly complex and strict authorisation and environmental rules and regulations. This concerns manufacturing plants subject to regulations on atmospheric emissions, waste disposal and waste water disposal and the ban on land contamination.
High charges should be shouldered in order to observe such regulations.
The SOL Group considers the most significant risks to be those related to customer demands regarding the sustainability of its supply chain and purchased products, as well as those related to the increase in the cost of raw materials (in particular, the electricity used in main plants). In this context, and in line with the implementation of its Sustainability Plan, the SOL Group has identified specific actions to manage these risk factors in order to minimise their potential impact on the company’s business in the foreseeable future.
Please refer to the Non-Financial Statement for a more detailed discussion of the initiatives implemented by the Group.

RISKS RELATING TO IT MANAGEMENT AND DATA SECURITY

The increasing use of IT tools in the management of company activities and the interconnection of company systems with external IT infrastructures expose these systems to potential risks with regard to the availability, integrity and confidentiality of data, as well as the efficiency of the IT tools themselves.
To ensure effective business continuity, the Group adopted a disaster recovery and business continuity system to ensure immediate replication of the main legacy system workstations. The choice of these systems to be managed in business continuity was made on the basis of a risk analysis.
Moreover, multiple levels of physical and logical protection, at the level of servers and at the level of clients, ensure the active security of data and business applications. The SOL Group also has innovative artificial intelligence-based products to protect the digital identity of its employees.
Vulnerability analyses and audits on the security of information systems are periodically carried out by independent technicians to check the adequacy of the company’s IT systems.
Finally, with regard to the problem of fraud through the use of IT resources by external parties, all employees are periodically informed and trained on the correct use of the resources and IT applications available to them.

TAX RISKS

The SOL Group is subject to taxation in Italy and in several other foreign jurisdictions.
The various companies of the Group are subject to the assessment of the income tax returns by the competent tax authorities of the countries in which they operate.
As already occurred in the past, any findings reported in the tax audits are carefully assessed and, when necessary, challenged in the appropriate venues.
At present, a dispute is in progress in Italy for findings - considered groundless - on Transfer pricing.
The opening of the *MAP* (*Mutual Agreement Procedure*) between Italy and four other European countries has been requested and has not yet been completed.
However, at Group level, this should not have a significant effect on profitability, given that the level of taxation in the countries involved is very similar.

NOTES

INCOME STATEMENT

1. Net sales

Balance as at 12.31.2022	1,379,187
Balance as at 12.31.2021	1,112,909
Change	**266,278**

Revenues by type of business break down as follows:

Description	12.31.2022	12.31.2021	Change
Technical gases	762,439	558,423	204,016
Home-care	616,748	554,486	62,262
Total	**1,379,187**	1,112,909	266,278

Reference should be made to the Directors' Report and the analysis of the results by type of business for comments regarding the trend in revenues.
Net sales achieved by the SOL Group as at December 31, 2022 amounted to Euro 1,379.2 million (up by 23.9% compared to the previous year, at Euro 1,112.9 million).
The effect of applying IAS 29 "Financial Reporting in Hyperinflationary Economies" to companies in Turkey led to an increase in revenue of Euro 2.0 million.
In particular, during 2022, the home-care business showed an 11.2% growth in sales (up by Euro 62.3 million) compared to the same period last year.
The technical gases sector experienced a 36.5% increase in revenues (up by Euro 204.0 million) over December 31, 2021.

2. Other revenues and income

Balance as at 12.31.2022	83,904
Balance as at 12.31.2021	11,060
Change	**72,845**

The item "Other revenues and income" breaks down as follows:

Description	12.31.2022	12.31.2021	Change
Capital gains on disposal	1,254	1,118	136
Extraordinary income	35,212	7,561	27,650
Grants received	1,370	1,539	(169)
Real estate rentals	384	384	-
Royalties income	4	-	4
Other	45,681	457	45,224
Total	**83,904**	11,060	72,845

Contingent assets include Euro 28.5 million of tax credits granted in some countries to energy-intensive companies for the abnormal increase in electricity procurement costs.
The item "Other" includes Euro 43.5 million related to the different treatment of electricity sales and purchases abroad. The costs if purchasing this energy are included in material purchases.

3. Internal works and collections

Balance as at 12.31.2022	26,718
Balance as at 12.31.2021	18,933
Change	**7,785**

The item "Internal works and collections" breaks down as follows:

Description	12.31.2022	12.31.2021	Change
Transfers to assets	25,750	17,276	8,474
Time work	968	1,657	(689)
Total	**26,718**	18,933	7,785

The item "Transfers to assets" includes the collection from the warehouse, mainly for equipment not intended for sale, but to rent, transferred to assets.
The item "Time work" is related to costs incurred for the internal construction of fixed assets.

4. Total costs

Balance as at 12.31.2022	901,894
Balance as at 12.31.2021	647,915
Change	**253,979**

The breakdown of the item is as follows:

Description	12.31.2022	12.31.2021	Change
Purchase of materials	520,650	306,023	214,627
Services rendered	366,030	319,511	46,519
Change in inventories	(13,232)	(2,380)	(10,852)
Other costs	28,446	24,761	3,685
Total	**901,894**	647,915	253,979

The item "Purchase of materials" includes purchases of gas and materials, electricity, water, diesel and methane for production.
The item "Services rendered" includes costs of transports, maintenance, third-party services, consultancy and insurances.
The item "Other costs" includes rentals, taxes other than income tax, contingent liabilities and capital losses.
Reference should be made to the Directors' Report for comments regarding the trend in costs.

5. Payroll and related costs

Balance as at 12.31.2022	259,657
Balance as at 12.31.2021	234,209
Change	**25,448**

The breakdown of the item is as follows:

Description	12.31.2022	12.31.2021	Change
Wages and salaries	202,957	182,631	20,326
Social security charges	54,598	49,214	5,384
Employee severance indemnities	2,102	2,364	(262)
Total	**259,657**	234,209	25,448

The composition of the workforce is analysed below by category:

Description	12.31.2022	12.31.2021	Change
Managers	138	121	17
Clerks	4,204	3,506	698
Factory workers	1,409	1,474	(65)
Total	**5,751**	5,101	650

6. Amortisation/depreciations, provisions and write-downs, non-recurring expenses

Balance as at 12.31.2022	135,797
Balance as at 12.31.2021	125,007
Change	**10,790**

The breakdown of the item is as follows:

Description	12.31.2022	12.31.2021	Change
Depreciation/amortisation	128,950	119,296	9,654
Provisions and write-downs	6,847	5,711	1,136
Total	**135,797**	125,007	10,790

The breakdown of the item "Amortisation and depreciation" of intangible and tangible fixed assets by asset category, is presented below:

Depreciation of tangible fixed assets and rights of use

Description	12.31.2022	12.31.2021	Change
Land	339	313	26
Buildings	15,138	13,419	1,720
Plant and machinery	19,206	18,530	676
Industrial and commercial equipment	72,597	67,560	5,037
Other assets	15,016	13,801	1,215
Total	**122,296**	113,623	8,673

The increase in depreciation is linked to investments made during the period, amounting to Euro 121.3 million.

Amortisation of other intangible fixed assets

Description	12.31.2022	12.31.2021	Change
Costs of research, development and advertising	216	204	12
Patents and rights to use patents of others	198	276	(78)
Concessions, licences and trademarks	5,975	4,812	1,163
Other	265	381	(116)
Total	**6,654**	5,674	981

The breakdown of the item "Provisions and write-downs" is as follows:

Description	12.31.2022	12.31.2021	Change
Provisions for bad debts	5,252	4,882	370
Provisions for risks	975	776	199
Write-downs of goodwill and consolidation differences	104	-	104
Write-downs of intangible fixed assets	9	-	9
Write-downs of tangible fixed assets and ROU	507	53	455
Total	**6,847**	5,711	1,136

7. Financial income / (expenses)

Balance as at 12.31.2022	(12,593)
Balance as at 12.31.2021	(9,843)
Change	**(2,750)**

The breakdown of the item is as follows:

Description	**12.31.2022**	12.31.2021	Change
Financial income	2,930	2,406	524
Financial expense	(15.891)	(11.472)	(4.419)
Results from equity investments	368	(777)	1,146
Total	**(12,593)**	(9,843)	(2,750)

The breakdown of the item "Financial income" is as follows:

Description	**12.31.2022**	12.31.2021	Change
From long-term receivables	48	17	31
Interest on investment securities	39	25	14
Interests on securities not held as fixed assets	80	34	46
Interest on banks and postal accounts	108	98	10
Interest from customers	450	160	290
Exchange rate gains	1,478	1,666	(188)
Other financial income	726	405	321
Total	**2,930**	2,406	524

The item "Other financial income" includes the positive change in mark to market derivatives to hedge the fair value of the hedged item (Fair Value Hedge - FVH), equal to Euro 39.5 thousand.
For further information on derivatives, see paragraph "Payables and other financial liabilities".

The breakdown of the item "Financial expense" is as follows:

Description	**12.31.2022**	12.31.2021	Change
Interest payable to banks	(118)	(117)	(2)
Supplier interest	(4)	-	(4)
Interest payable on loans	(4,794)	(5,239)	445
Interest on bonds	(3.398)	(2.742)	(656)
Exchange rate losses	(2.599)	(2.058)	(541)
Other financial expense	(4.978)	(1.315)	(3.663)
Total	**(15.891)**	(11.472)	(4.419)

"Other financial expenses" include Euro 1.5 million related to lease contracts and Euro 2.7 million related to the effect of applying *IAS 29* "Financial Reporting in Hyperinflationary Economies".

The breakdown of the item "Results from equity investments" is as follows:

Description	**12.31.2022**	12.31.2021	Change
Revaluations of equity investments	464	29	435
Write-downs of equity investments	(96)	(807)	711
Total	**368**	(777)	1,146

The item "Revaluations of equity investments" refers to the measurement at equity of the jointly controlled companies CT BIOCARBONIC GmbH (Euro 353 thousand) and CONSORZIO ECODUE (Euro 2 thousand) and the associated company SHANGHAI JIAWEI MEDICAL GAS Co. Ltd (Euro 109 thousand).

The item “Write-downs of equity investments” refers to the measurement at equity of the associates CONSORGAS Srl (Euro 67 thousand) and NEMO LAB Srl (Euro 10 thousand) and to the write-down of the equity investment in the company ULJANIK BRODOGRADNJA 1856 doo by the subsidiary UTP doo (Euro 19 thousand).

8. Income taxes

Balance as at 12.31.2022	42,294
Balance as at 12.31.2021	32,170
Change	**10,124**

The breakdown of the item is as follows:

Description	12.31.2022	12.31.2021	Change
Income taxes	37,533	29,072	8,461
Deferred tax liabilities	2,517	1,534	983
Deferred tax assets	2,244	1,564	680
Total	**42,294**	32,170	10,124

The reconciliation between the tax liability recorded in the financial statements and the theoretical tax liability, calculated on the basis of the theoretical tax rates in force in Italy, is as follows:

Description	12.31.2022	12.31.2021
Theoretical taxation	**43,169**	30,223
Tax effect permanent differences	(847)	3,345
Tax effect deriving from foreign tax rates other than Italian theoretical tax rates	(3,000)	(3,375)
Income taxes recognised in the financial statements, excluding *IRAP* (current and deferred)	**39,322**	30,193
***IRAP* (Regional Business Tax)**	**2,972**	1,977
Income taxes recognised in the financial statements (current and deferred)	**42,294**	32,170

BALANCE SHEET

9. Tangible fixed assets

Balance as at 12.31.2022	694,164
Balance as at 12.31.2021	615,329
Change	**78,835**

Breakdown of tangible fixed assets and rights of use

Changes in tangible fixed assets and rights of use, with reference to their historical cost, depreciation and net value are as follows:

Historical cost	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	**Total**
Balance as at 01.01.2021	24,718	180,379	349,322	1,000,161	99,344	32,442	1,686,366
Increases	1,339	19,609	22,869	79,102	14,009	30,880	167,808
Revaluations	112	689	-	63	159	-	1,023
Write-downs	-	-	-	(54)	-	-	(54)
Other changes	2,421	8,376	65,020	27,291	4,905	(31,032)	76,981
Exchange differences	(52)	225	590	2,874	284	(160)	3,762
(Disposals)	(4)	(3,265)	(632)	(9,935)	(5,973)	-	(19,808)
Balance as at 12.31.2021	**28,534**	**206,014**	**437,170**	**1,099,502**	**112,729**	**32,129**	**1,916,077**
Increases	474	28,753	15,445	93,331	15,861	23,823	177,687
Revaluations	1,011	5,322	1,118	4,740	1,585	-	13,775
Write-downs	-	-	(520)	(7)	-	-	(527)
Other changes	(33)	12,202	27,208	7,732	6,150	(29,590)	23,668
Exchange differences	(77)	(463)	1,167	(3,833)	(412)	(89)	(3,705)
(Disposals)	(69)	(3,183)	(616)	(11,119)	(5,669)	-	(20,656)
Balance as at 12.31.2022	**29,840**	**248,645**	**480,973**	**1,190,346**	**130,245**	**26,273**	**2,106,321**

Accumulated depreciation	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	**Total**
Balance as at 01.01.2021	3,362	89,609	239,697	730,562	68,562	-	1,131,792
Depreciation charges	313	13,419	18,530	67,560	13,801	-	113,623
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	-	4,420	45,274	17,699	3,744	-	71,137
Exchange differences	(23)	52	245	1,731	215	-	2,220
(Disposals)	-	(3,364)	(621)	(8,305)	(5,734)	-	(18,025)
Balance as at 12.31.2021	**3,652**	**104,136**	**303,125**	**809,247**	**80,588**	**-**	**1,300,748**
Depreciation charges	339	15,138	19,206	72,597	15,017	-	122,297
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	(6)	1,352	(7,507)	9,804	4,673	-	8,316
Exchange differences	(1)	(79)	342	(2.287)	(352)	-	(2.377)
(Disposals)	-	-	(1.670)	(526)	(9.189)	(5.443)	(16.829)
Balance as at 12.31.2022	**3,984**	**118,877**	**314,640**	**880,172**	**94,483**	**-**	**1,412,157**

Net value	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	**Total**
Balance as at 01.01.2021	21,356	90,770	109,625	269,598	30,782	32,442	554,573
Increases	1,339	19,609	22,869	79,102	14,009	30,880	167,808
(Depreciations and write-downs)	(313)	(13,419)	(18,530)	(67,560)	(13,801)	-	(113,623)
Other changes	2,533	4,645	19,746	9,601	1,320	(31,032)	6,812
Exchange differences	(29)	173	346	1,144	69	(160)	1,542
(Disposals)	(4)	99	(10)	(1.630)	(238)	-	(1.784)
Balance as at 12.31.2021	**24,881**	**101,878**	**134,045**	**290,254**	**32,140**	**32,129**	**615,329**
Increases	474	28,753	15,445	93,331	15,861	23,823	177,687
(Depreciations and write-downs)	(339)	(15,138)	(19,206)	(72,597)	(15,017)	-	(122,297)
Other changes	984	16,172	35,314	2,660	3,062	(29,590)	28,601
Exchange differences	(75)	(384)	825	(1.546)	(59)	(89)	(1.329)
(Disposals)	(69)	(1.513)	(89)	(1.930)	(226)	-	(3.827)
Balance as at 12.31.2022	**25,856**	**129,767**	**166,333**	**310,173**	**35,761**	**26,273**	**694,164**

Analysis of tangible fixed assets

Changes in tangible fixed assets, with reference to their historical cost, depreciation and net value are as follows:

Historical cost	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	**Total**
Balance as at 01.01.2021	22,066	131,016	349,228	999,959	74,703	32,442	1,609,414
Increases	1,318	14,047	22,869	79,023	6,193	30,880	154,329
Revaluations	-	-	-	63	-	-	63
Write-downs	-	-	-	(54)	-	-	(54)
Other changes	2,421	8,376	65,020	27,291	4,905	(31,032)	76,981
Exchange differences	22	88	590	2,874	294	(160)	3,708
(Disposals)	-	(1,617)	(632)	(9,931)	(1,831)	-	(14,010)
Balance as at 12.31.2021	**25,826**	**151,911**	**437,076**	**1,099,225**	**84,264**	**32,129**	**1,830,431**
Increases	349	9,534	15,445	93,219	8,549	23,823	150,919
Revaluations	-	175	1,032	4,740	579	-	6,527
Write-downs	-	-	(520)	(7)	-	-	(527)
Other changes	(26)	12,221	27,208	7,771	6,023	(29,590)	23,607
Exchange differences	(36)	(383)	1,167	(3,833)	(266)	(89)	(3,439)
(Disposals)	(69)	(1,919)	(616)	(10,922)	(1,263)	-	(14,788)
Balance as at 12.31.2022	**26,045**	**171,539**	**480,793**	**1,190,195**	**97,886**	**26,273**	**1,992,730**

Accumulated depreciation	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	**Total**
Balance as at 01.01.2021	2,809	75,117	239,643	730,451	58,233	-	1,106,253
Depreciation charges	-	-	5,107	18,505	67,492	5,916	97,020
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	-	4,420	45,274	17,699	3,744	-	71,137
Exchange differences	-	24	245	1,731	256	-	2,255
(Disposals)	-	(1,574)	(621)	(8,300)	(1,596)	-	(12,092)
Balance as at 12.31.2021	**2,809**	**83,094**	**303,046**	**809,073**	**66,553**	**-**	**1,264,574**
Depreciation charges	-	-	5,617	19,175	72,488	6,789	104,068
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	-	1,391	(7,507)	9,831	4,760	-	8,475
Exchange differences	-	(18)	342	(2.287)	(257)	-	(2.219)
(Disposals)	-	(460)	(526)	(8.992)	(1.097)	-	(11.075)
Balance as at 12.31.2022	**2,809**	**89,625**	**314,529**	**880,113**	**76,747**	**-**	**1,363,824**

Net value	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	**Total**
Balance as at 01.01.2021	19,257	55,900	109,585	269,508	16,470	32,442	503,161
Increases	1,318	14,047	22,869	79,023	6,193	30,880	154,329
(Depreciations and write-downs)	-	(5,107)	(18,505)	(67,492)	(5,916)	-	(97,020)
Other changes	2,421	3,956	19,746	9,600	1,161	(31,032)	5,852
Exchange differences	22	64	346	1,144	38	(160)	1,453
(Disposals)	-	(43)	(10)	(1,630)	(235)	-	(1,919)
Balance as at 12.31.2021	**23,017**	**68,817**	**134,030**	**290,152**	**17,711**	**32,129**	**565,857**
Increases	349	9,534	15,445	93,219	8,549	23,823	150,919
(Depreciations and write-downs)	-	(5,617)	(19,175)	(72,488)	(6,789)	-	(104,068)
Other changes	(26)	11,005	35,228	2,673	1,842	(29,590)	21,132
Exchange differences	(36)	(366)	825	(1.546)	(9)	(89)	(1.220)
(Disposals)	(69)	(1.460)	(89)	(1.930)	(165)	-	(3.713)
Balance as at 12.31.2022	**23,236**	**81,913**	**166,264**	**310,081**	**21,139**	**26,273**	**628,906**

The breakdown of major changes for the period relating to tangible fixed assets is shown below.

- Investments made during the period with regard to the item "Lands" were mainly investments made by the parent company.
- Investments made during the period with regard to the item "Buildings" are mainly investments made by the parent company (Euro 1,898 thousand) and the subsidiary companies SOL GAS PRIMARI Srl (Euro 153 thousand), SOL FRANCE Sas (Euro 767 thousand), VIVISOL Srl (Euro 252 thousand), IL POINT Srl (Euro 681 thousand), TPJ doo (Euro 1,178 thousand), TAE HELLAS Sa (Euro 519 thousand) and VIVISOL DEUTSCHLAND GmbH (Euro 3,104 thousand).
- Acquisitions made during the period under the item "Plant and machinery" were mainly due to the purchase of equipment at the factories of the parent company (Euro 9,161 thousand) and by the subsidiaries SOL GAS PRIMARI Srl (Euro 544 thousand), SOL BULGARIA Ead (Euro 784 thousand), TAE HELLAS Sa (Euro 1,086 thousand) and to a lesser extent to other investments at all other Group companies.
- The item "Industrial and commercial equipment" comprises commercial equipment (supplying devices, cylinders, base units, concentrators and medical appliances) as well as other small and sundry equipment. The increase recorded for the financial year was due to investments in commercial equipment in the form of cylinders, dispensing devices and tanks, made by companies in the technical gases sector in the amount of Euro

32,408 thousand (including Euro 12,521 by the parent company) and to investments made by companies operating in the home-care sector in the amount of Euro 60,811 thousand (including Euro 16,173 thousand by VIVISOL Srl) for base units and other medical appliances.

- The item “Other assets” includes motor vehicles and motor cars, electric office equipment, furniture and fixtures, EDP systems. The increase recorded for the period refers to investments made for motor vehicles, laboratory equipment, hardware, furniture and fixtures, including Euro 2,864 thousand by the parent company, the subsidiaries DOLBY MEDICAL HOME RESPIRATORY CARE Ltd (Euro 367 thousand), IL POINT Srl (Euro 557 thousand) and to a lesser extent to other investments carried out by all other Group companies.
- The “Assets under construction“ item mainly refers to amounts relating to investments in progress made by the parent company (Euro 8,261 thousand) and by the subsidiaries GTH GAZE INDUSTRIALE Sa (Euro 3,352 thousand), SOL KOHLENSÄURE WERK GmbH & Co. KG (Euro 1,479 thousand), SOL GAS PRIMARI Srl (Euro 1,326 thousand), VIVISOL Srl (Euro 2,603 thousand) and CTS Srl (Euro 2,615 thousand).

Please note that the Mantua, Verona, Jesenice and Varna plants have mortgages and liens governed by medium-term mortgage agreements between financial institutions and several group companies.
As at December 31, 2022, mortgages amounted to Euro 67,450 thousand.
As at December 31, 2022, liens amounted to Euro 68,788 thousand.

The item “Other changes“ includes the effects of the application of hyperinflation in Turkey as summarised below:

Description	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Historical cost	-	175	1,312	4,505	530	-	6,522
Accumulated depreciation	-	(118)	(480)	(2,221)	(313)	-	(3,132)
Total	**-**	**58**	**832**	**2,284**	**216**	**-**	**3,390**

Breakdown of rights of use

Changes in tangible fixed assets, with reference to their historical cost, depreciation and net value are as follows:

Historical cost	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balance as at 01.01.2021	2,652	49,362	94	202	24,641	-	76,952
Increases	22	5,562	-	79	7,816	-	13,479
Revaluations	112	689	-	-	159	-	960
Write-downs	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Exchange differences	(74)	138	-	-	(10)	-	54
(Disposals)	(4)	(1.648)	-	(4)	(4.142)	-	(5.798)
Balance as at 12.31.2021	**2,708**	**54,103**	**94**	**276**	**28,465**	**-**	**85,647**
Increases	125	19,218	-	112	7,312	-	26,768
Revaluations	1,011	5,146	86	-	1,006	-	7,249
Write-downs	-	-	-	-	-	-	-
Other changes	(8)	(19)	-	(39)	128	-	61
Exchange differences	(41)	(79)	-	-	(146)	-	(266)
(Disposals)	-	(1.264)	-	(197)	(4.407)	-	(5.868)
Balance as at 12.31.2022	**3,795**	**77,106**	**180**	**151**	**32,358**	**-**	**113,590**

Accumulated depreciation	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balance as at 01.01.2021	553	14,492	54	111	10,329	-	25,540
Depreciation charges	313	8,311	25	68	7,886	-	16,603
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Exchange differences	(23)	28	-	-	(41)	-	(35)
(Disposals)	-	(1.790)	-	(4)	(4.139)	-	(5.933)
Balance as at 12.31.2021	**843**	**21,042**	**79**	**174**	**14,036**	**-**	**36,174**
Depreciation charges	339	9,521	32	109	8,228	-	18,229
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	(6)	(39)	-	(27)	(87)	-	(159)
Exchange differences	(1)	(61)	-	-	(95)	-	(158)
(Disposals)	-	(1,211)	-	(197)	(4,346)	-	(5,754)
Balance as at 12.31.2022	**1,175**	**29,252**	**111**	**59**	**17,736**	**-**	**48,333**

Net value	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balance as at 01.01.2021	2,099	34,870	40	91	14,312	-	51,412
Increases	22	5,562	-	79	7,816	-	13,479
(Depreciations and write-downs)	(313)	(8,311)	(25)	(68)	(7,886)	-	(16,603)
Other changes	112	689	-	-	159	-	960
Exchange differences	(51)	110	-	-	31	-	89
(Disposals)	(4)	142	-	-	(3)	-	135
Balance as at 12.31.2021	**1,864**	**33,062**	**15**	**102**	**14,429**	**-**	**49,472**
Increases	125	19,218	-	112	7,312	-	26,768
(Depreciations and write-downs)	(339)	(9,521)	(32)	(109)	(8,228)	-	(18,229)
Other changes	1,009	5,167	86	(12)	1,220	-	7,469
Exchange differences	(40)	(18)	-	-	(51)	-	(109)
(Disposals)	-	(53)	-	-	(61)	-	(114)
Balance as at 12.31.2022	**2,620**	**47,854**	**69**	**92**	**14,622**	**-**	**65,258**

10. Goodwill and consolidation differences

Balance as at 12.31.2022	216,811
Balance as at 12.31.2021	170,313
Change	**46,498**

The breakdown of the item is as follows:

Description	Goodwill	Consolidation difference	Total
Balance as at 01.01.2021	10,006	129,862	139,868
Increases	-	29,786	29,786
Revaluations (Write-downs)	-	-	-
Other changes	154	-	154
Exchange differences	192	313	504
(Amortisation)	-	-	-
Balance as at 12.31.2021	**10,352**	**159,960**	**170,313**
Increases	-	34,277	34,277
Revaluations (Write-downs)	-	(104)	(104)
Other changes	12,683	-	12,683
Exchange differences	(154)	(204)	(358)
(Amortisation)	-	-	-
Balance as at 12.31.2022	**22,881**	**193,929**	**216,811**

The increase for the period in the item "Consolidation differences" is related to the acquisition of BLA SERVICOS HOSPITALARES Ltda, JML SERVICOS HOSPITALARES Ltda, PROFI GESUNDHEITS - SERVICE GmbH, WIP WEITERBILDUNG IN DER PFLEGE GmbH, ITOP Spa OFFICINE ORTOPEDICHE and its subsidiaries ITOP ORTOPEDIE ASSOCIATE Srl, ITOP SERVIZI Srl, ITOP SICILIA Srl and ORTHOHUB Srl, POLAR ICE and the adjustment of the goodwill of ISIMED Srl acquired in the last quarter of 2021 and merged by incorporation into VIVISOL Srl during this financial year.

In April 2022, the subsidiary P PAR PARTICIPACOES Ltda acquired 60% of BLA SERVICOS HOSPITALARES Ltda, a company governed by Brazilian law active in the hospital sector. If the acquisition had occurred on January 1, 2022, the group's revenues and the profit would have increased by Euro 614 thousand and by Euro 208 thousand, respectively, for the 12-month period ending December 31, 2022.

In April 2022, the subsidiary P PAR PARTICIPACOES Ltda acquired 60% of JML SERVICOS HOSPITALARES Ltda, a company governed by Brazilian law active in the hospital sector. If the acquisition had occurred on January 1, 2022, the estimated revenues and profit of the Group would have been higher by Euro 192 thousand and lower by Euro 229 thousand, respectively, for the 12-month period ended December 31, 2022.

In July 2022, the subsidiary VIVISOL DEUTSCHLAND GmbH acquired 100% of the shares of PROFI GESUNDHEITS - SERVICE GmbH, a German company operating in the home-care sector. If the acquisition had occurred on January 1, 2022, the group's revenues and the profit would have increased by Euro 1,681 thousand and by Euro 213 thousand, respectively, for the 12-month period ending December 31, 2022.

In August 2022, the subsidiary VIVICARE HOLDING GmbH acquired 100% of the shares of WIP WEITERBILDUNG IN DER PFLEGE GmbH, a German company operating in the home-care sector. If the acquisition had occurred on January 1, 2022, Group profit would have decreased by Euro 7 thousand for the 12-month period ended December 31, 2022.

In September 2022, the subsidiary AIRSOL Srl acquired 51% of the shares of ITOP Spa OFFICINE ORTOPEDICHE and its subsidiaries ITOP ORTOPEDIE ASSOCIATE Srl, ITOP SERVIZI Srl, ITOP SICILIA Srl and ORTHOHUB Srl, Italian companies operating in the field of orthopaedic prostheses. If the acquisition had occurred on January 1, 2022, the group's revenues and the profit would have increased by Euro 9,790 thousand and by Euro 1,378 thousand, respectively, for the 12-month period ending December 31, 2022.

In November 2022, the subsidiary AIRSOL Srl acquired 61% of the POLAR ICE Ltd, an Irish company that pro-

duces and sells dry ice. If the acquisition had occurred on January 1, 2022, the group's revenues and the profit would have increased by Euro 3,257 thousand and by Euro 828 thousand, respectively, for the 12-month period ending December 31, 2022.
In December 2022, the parent company acquired 52.56% of the shares of GREEN ASU PLANT PRIVATE Ltd, an Indian company operating in the technical gas and renewable energy sectors.
In December 2022, the parent company acquired 45.60% of the shares of BHORUKA SPECIALTY GASES PRIVATE Ltd, an Indian company operating in the technical gas sector.

The result of the acquisitions on the assets and liabilities of the Group is set below:

Description	Values recorded during acquisition	Adjustments to fair value	Book values before acquisition
Tangible fixed assets	49,783	-	49,783
Intangible fixed assets	12,854	-	12,854
Long-term investments	355	-	355
Inventories	3,083	-	3,083
Trade and other receivables	10,510	-	10,510
Prepayments and accrued income	321	-	321
Cash and cash at bank	9,132	-	9,132
Minority interests	(17,377)	-	(17,377)
Suppliers	(4,460)	-	(4,460)
Other payables	(12,112)	-	(12,112)
Risk provisions	-	-	-
Employee severance indemnities	(401)	-	(401)
Accrued expenses and deferred income	(1,410)	-	(1,410)
Identifiable net assets and liabilities	50,279	-	-
Goodwill deriving from acquisition	(34,269)	-	-
Amount paid	(84,547)	-	-
Available funds acquired	9,132	-	-
Net outlays of available funds	**(75,416)**	-	-

The Group checks the recoverability of goodwill at least annually or more frequently if specific events or changed circumstances indicate the possibility of having suffered an impairment loss, at Cash Generating Unit level to which the Company's management charges said goodwill, in accordance with the matters anticipated by *IAS 36* "impairment of assets".

Impairment test

As provided by *IAS 36* Impairment of assets, the value of intangible assets with an indefinite useful life is not amortised, but instead subject to an Impairment test at least once per year. The Group does not record intangible assets with an indefinite useful life other than goodwill.
IAS 36 also requires a company to assess at each reporting date the existence of indications of impairment in relation to any other asset.
The recoverability of the book values is tested by comparing the book value of the asset with its fair value (for example, using market multiples obtained from comparable transactions) or its value in use, whichever is greater.
The methodology used to identify the recoverable amount (value in use) consists of discounting future cash flows generated by activities directly attributed to the entity to which the goodwill (*CGU*) is allocated, as well as the value expected from its divestment or transfer upon the end of its useful life. Value in use is calculated as the sum of the current value of expected future cash flows based on the forecasts issued for every *CGU* and approved by the Board of Directors of the Company.

The business plans cover a time span of five years or, in some cases, given the type of business involving investments with medium-term returns, of 7 or 10 years and were implemented based on the 2023 budget drawn up by the Management. The growth rates considered in the plan's timeframe were calculated based on experience in the relative sectors.

The rate used to discount cash flows was calculated using the Weighted Average Cost Of Capital (*WACC*). The *WACC* was calculated on an ad-hoc basis for each *CGU* subject to impairment, taking into consideration the specific parameters of the geographical area: market risk premium and sovereign debt yields and parameters relating to the sector of activity).

To ensure that changes to the main hypotheses would not significantly influence the results of the impairment tests, sensitivity analyses were carried out in the event of a change in *WACC* and growth rates of +/- 0.5.

The outcomes of these simulations reasonably supported the measurement obtained.

None of the impairment tests carried out as at December 31, 2022 identified any impairment losses except that of HYDROENERGY ShpK. However, since the value in use is determined on the basis of estimates, the Group cannot guarantee that the value of goodwill or other intangible assets will not be subject to impairment in the future.

11. Other intangible fixed assets

Balance as at 12.31.2022	26,550
Balance as at 12.31.2021	22,752
Change	**3,799**

The breakdown of the item is as follows:

Net value	Costs of research, development and advertising	Patents and rights to use patents of others	Concessions, licences, trademarks and similar rights	Other	Assets under construction and advances	**Total**
Balance as at 01.01.2021	2,611	735	10,349	533	4,378	18,606
Increases	571	24	6,911	803	3,210	11,519
Revaluations (Write-downs)	-	-	-	(18)	-	(18)
Other changes	(454)	-	994	272	(2.527)	(1.715)
Exchange differences	-	-	32	-	-	33
(Amortisation)	(204)	(276)	(4.812)	(381)	-	(5.674)
Balance as at 12.31.2021	**2,524**	**483**	**13,473**	**1,211**	**5,061**	**22,752**
Increases	698	68	8,550	434	2,705	12,455
Revaluations (Write-downs)	-	-	80	-	-	80
Other changes	-	-	431	89	(2.586)	(2.067)
Exchange differences	-	-	(18)	1	3	(15)
(Amortisation)	(216)	(198)	(5.975)	(265)	-	(6.654)
Balance as at 12.31.2022	**3,006**	**352**	**16,541**	**1,469**	**5,182**	**26,550**

The item "Other changes" includes the effects of the application of hyperinflation in Turkey as summarised below:

Description	Costs of research, development and advertising	Patents and rights to use patents of others	Concessions, licences, trademarks and similar rights	Other	Assets under construction and advances	**Total**
Historical cost	-	-	89	-	-	89
Accumulated amortisation	-	-	(50)	-	-	(50)
Total	**-**	**-**	**39**	**-**	**-**	**39**

12. Equity investments

Balance as at 12.31.2022	13,082
Balance as at 12.31.2021	12,704
Change	**378**

The breakdown of the item is as follows:

Description	**12.31.2022**	12.31.2021	Change
BT GASES Ltd	-	1	(1)
FLOSIT PHARMA Sa	450	476	(26)
GTE Sl	23	21	2
ZDS JESENICE doo	8	8	-
Non-consolidated subsidiary companies	**481**	506	(25)
CONSORZIO ECODUE	407	405	3
CT BIOCARBONIC GmbH	5,514	5,161	353
Jointly controlled companies	**5,921**	5,566	356
CONSORGAS Srl	13	79	(66)
NEMO LAB Srl	190	200	(10)
NIPPON SANSO SHENWEI GASES Co. Ltd	788	-	788
SHANGHAI JIAWEI MEDICAL GAS Co.	2,153	2,015	138
SHANGHAI SHENWEI GAS FILLING Co. Ltd	76	-	76
Associated companies	**3,219**	2,294	925
Other minority interests	3,461	4,339	(878)
Other companies	**3,461**	4,339	(878)
Total	**13,082**	12,704	378

Except for:

- Euro 458 thousand recognised as non-consolidated subsidiaries (in the portfolio of the subsidiary SPG - SOL PLIN GORENJSKA doo of Euro 8 thousand, SOL FRANCE Sas of Euro 46 thousand and FLOSIT Sa of Euro 404 thousand);
- Euro 407 thousand recognised as jointly controlled companies (in the portfolio of the subsidiary SOL GAS PRIMARI Srl);
- Euro 2,215 thousand recognised as associated companies (in the portfolio of the subsidiaries SHANGHAI SHENWEI MEDICAL GAS Co. Ltd of Euro 864 thousand, VIVISOL Srl of Euro 190 thousand and AIRSOL Srl of Euro 2,153 thousand);
- Euro 3,442 thousand recognised as other minority interests (relating to investments in local companies by the subsidiaries SOL GAS PRIMARI Srl of Euro 2,729 thousand, SOL INDIA PRIVATE Ltd of Euro 353 thousand, UTP doo of Euro 326 thousand, ITOP SICILIA Srl of Euro 11 thousand, ITOP Spa OFFICINE ORTOPEDICHE of Euro 9 thousand, ITOP ORTOPEDIE ASSOCIATE Srl of Euro 1 thousand, TGS Ad of Euro 2 thousand, TPJ doo of Euro 2 thousand, ICOA Srl of Euro 8 thousand, CRYOS Srl of Euro 1 thousand and VIVISOL SILARUS Srl of Euro 1 thousand),

all of the above investments are held by the parent company.

Non-consolidated subsidiaries and other minority interests are measured at fair value.

The following table shows the main economic and financial data of jointly controlled companies consolidated with the net equity method:

Jointly controlled companies	CT BIOCARBONIC GmbH	CONSORZIO ECODUE
Total assets	6,486	1,207
Total liabilities	567	392
Revenues	3,961	1,054
Result for the year	706	3

13. Other financial assets

Balance as at 12.31.2022	22,015
Balance as at 12.31.2021	10,484
Change	**11,531**

The breakdown of the item is as follows:

Description	12.31.2022	12.31.2021	Change
Amounts receivable from third parties	21,331	9,406	11,925
Securities	684	1,077	(394)
Total	**22,015**	10,484	11,531

The breakdown of the item "Amounts receivable from third parties" is as follows:

Description	12.31.2022	12.31.2021	Change
Guarantee deposits	12,372	4,910	7,462
Derivatives	7,771	1,509	6,263
Tax receivables	759	2,889	(2,130)
Other receivables	428	99	329
Total	**21,331**	9,406	11,925

For further information on derivatives, see paragraph "Payables and other financial liabilities".
The item "Other receivables" mainly refers to long-term financial receivables to group companies not consolidated on a full line-by-line basis.

The breakdown for the item "Securities" is as follows:

Description	12.31.2022	12.31.2021	Change
CRYOS Srl	67	61	6
ISIMED Srl	-	1	(1)
SOL HELLAS Sa	611	1,009	(398)
SOL TG GmbH	5	6	(1)
VIVISOL Srl	1	-	1
Total	**684**	1,077	(393)

The item "Securities" relating to SOL HELLAS refers to government securities of Greece, with maturity exceeding 12 months issued in payment of receivables claimed by the subsidiary SOL HELLAS from public bodies.

14. Deferred tax assets

Balance as at 12.31.2022	18,557
Balance as at 12.31.2021	21,031
Change	**(2,473)**

The breakdown of the above item is as follows:

Description	Bad debts	Risk provisions	Internal profits	Prior losses	Other	Total
Balance as at 01.01.2021	1,263	156	853	1,371	18,053	21,695
Provisions/Uses	(144)	118	(78)	1,181	(2,641)	(1,564)
Other changes	-	-	-	-	872	872
Exchange differences	-	-	-	23	4	27
Balance as at 12.31.2021	1,118	274	774	2,576	16,288	**21,031**
Provisions/Uses	(36)	(127)	(35)	1,005	(3,052)	(2,245)
Other changes	(83)	-	-	43	(95)	(135)
Exchange differences	-	-	-	(104)	10	(94)
Balance as at 12.31.2022	999	148	740	3,520	13,151	**18,557**

Deferred tax assets were measured in the case of probable realisation and tax recoverability considering the limited time horizon based on the business plans of the companies.
Deferred tax assets of Euro 3,520 thousand were recognised against prior losses in that there exists the probability of obtaining, in future financial years, taxable income sufficient to absorb the tax losses carried forward.
The item "Other" includes the tax effect related to asset revaluations carried out by some Italian companies of the Group of Euro 9,328 thousand, which, although eliminated in the consolidated financial statements, allow the Group to receive the related tax benefits.

15. Inventories

Balance as at 12.31.2022	84,144
Balance as at 12.31.2021	67,303
Change	**16,841**

The breakdown of the item is as follows:

Description	**12.31.2022**	12.31.2021	Change
Raw, subsidiary and consumable materials	5,652	6,336	(684)
Work in progress and semi-finished goods	2,821	1,913	908
Finished products and goods for resale	75,670	59,054	16,617
Total	**84,144**	67,303	16,841

16. Trade receivables

Balance as at 12.31.2022	431,054
Balance as at 12.31.2021	340,023
Change	**91,031**

The breakdown of the item is as follows:

Description	Within 12 months	Beyond 12 months	Allowance for doubtful accounts	**12.31.2022**	12.31.2021
Trade receivables	456,597	-	(25,543)	431,054	340,023
Total	456,597	-	(25,543)	**431,054**	340,023

The "Allowance for doubtful accounts" changed as follows:

Description	12.31.2021	Provisions	Uses	Other changes	**12.31.2022**
Allowance for doubtful accounts	25,935	5,252	(4,882)	(762)	25,543
Total	25,935	5,252	(4,882)	(762)	**25,543**

The item "Other changes" refers to exchange rate differences of Euro 54 thousand and to reversals of the fund of Euro 708 thousand.

17. Other current assets

Balance as at 12.31.2022	64,377
Balance as at 12.31.2021	36,197
Change	**28,181**

The breakdown of the item is as follows:

Description	12.31.2022	12.31.2021	Change
Amounts receivable from employees	830	813	17
Amounts receivable in respect of income tax	18,741	8,246	10,494
VAT receivables	23,597	11,642	11,955
Other amounts receivable from the tax authorities	3,850	1,478	2,372
Other receivables	4,641	3,023	1,618
Prepayments and accrued income	12,719	10,994	1,725
Total	**64,377**	36,197	28,181

"Prepayments and accrued income" represent the harmonising items for the period calculated on an accrual basis.

This item breaks down as follows:

Description	12.31.2022	12.31.2021	Change
Accrued income			
Interest	23	44	(22)
Other accrued income	1,140	772	369
Total accrued income	**1,163**	816	347
Prepayments			
Insurance premiums	1,006	782	224
Rents	667	519	148
Other prepayments	9,882	8,876	1,005
Total prepayments	**11,555**	10,178	1,377
Total prepayments and accrued income	**12,719**	10,994	1,725

The item "Other prepayments" mainly comprises purchase invoices referring to maintenance agreements or other expenses.

18. Current financial assets

Balance as at 12.31.2022	13,187
Balance as at 12.31.2021	8,671
Change	**4,516**

The breakdown of the item is as follows:

Description	12.31.2022	12.31.2021	Change
Financial receivables from jointly controlled companies	200	350	(150)
Derivatives	5,225	1,443	3,782
Short-term time deposits	7,561	6,834	728
Other financial receivables	200	44	157
Total	**13,187**	8,671	4,516

The breakdown for the item “Short-term time deposits“ is as follows:

Company	**12.31.2022**	12.31.2021	Change
BLA SERVICOS HOSPITALARES Ltda	221	-	221
DN GLOBAL HOMECARE Ltda	422	326	96
FLOSIT Sa	644	2,140	(1,496)
GLOBAL CARE Ltda	700	896	(196)
JML SERVICOS HOSPITALARES Ltda	5	-	5
PORTARE Lda	15	2	13
SICGILSOL GASES PRIVATE Ltd	-	68	(68)
SOL INDIA PRIVATE Ltd	3,194	496	2,698
TGT Ad	2,336	2,008	328
UNIT CARE Ltda	20	893	(873)
VIVISOL BRASIL Sa	4	5	(1)
Total	**7,561**	6,834	727

19. Cash and cash at bank

Balance as at 12.31.2022	134,642
Balance as at 12.31.2021	139,642
Change	**(5,000)**

The breakdown for this item is as follows:

Description	**12.31.2022**	12.31.2021	Change
Bank and postal deposits	134,011	139,140	(5,130)
Cash and cash equivalents on hand	631	501	130
Total	**134,642**	139,642	(5,000)

20. Shareholders’ equity

Balance as at 12.31.2022	862,630
Balance as at 12.31.2021	721,452
Change	**141,179**

The share capital of SOL Spa as at December 31, 2022 comprised 90,700,000 ordinary shares with a par value of Euro 0.52 each, fully subscribed and paid up.

The breakdown of and changes in shareholders’ equity at year-end are detailed below:

Description	12.31.2021	Transfer of result	Dividends paid	Translation differences	Other changes	Profit (loss)	**12.31.2022**
Pertaining to the Group:							
Share capital	47,164	-	-	-	-	-	47,164
Share premium reserve	63,335	-	-	-	-	-	63,335
Revaluation reserves	-	-	-	-	-	-	-
Legal reserve	10,459	-	-	-	-	-	10,459
Statutory reserves	-	-	-	-	-	-	-
Treasury share reserves	-	-	-	-	-	-	-
Other reserves	486,904	67,781	-	(3,244)	13,818	-	565,261
Profits/(Losses) carried forward	845	21,768	(21,768)	-	(142)	-	704
Net Profit	89,549	(89,549)	-	-	-	133,693	133,693
Shareholders’ equity - Group	698,257	-	(21,768)	(3,244)	13,677	133,693	**820,615**
Minority interests:							
Shareholders’ equity - Minority interests	18,987	4,208	(2,491)	61	17,369	-	38,134
Profit pertaining to minority interests	4,208	(4,208)	-	-	-	3,882	3,882
Shareholders’ equity Minority interests	23,194	-	(2,491)	61	17,369	3,882	**42,015**
Shareholders’ equity	721,452	-	(24,259)	(3,183)	31,046	137,574	**862,630**

The item "Other reserves" mainly includes extraordinary reserves, the Cash Flow Hedge (CFH) reserve, the effects of hyperinflation in Turkey and unallocated profits.
As at December 31, 2022, the CFH reserve, gross of the tax effect, was positive and amounted to Euro 12,994 thousand (positive for Euro 1,278 thousand as at December 31, 2021). The change in the period is reported in the Consolidated Statement of Comprehensive Income.
For further information on derivatives, see paragraph "Payables and other financial liabilities".
The effects of hyperinflation in Turkey amounted to Euro 5,944 thousand, of which Euro 361 thousand were third parties.

Reconciliation of Parent Company's Financial Statements with the Consolidated Financial statements

Description	**12.31.2022**		12.31.2021	
	Shareholders' equity	Net income	Shareholders' equity	Net income
Financial Statements of SOL Spa	**314,141**	**41,594**	284,910	31,221
Elimination of consolidated inter-company transactions, net of tax effects:				
- Internal profit on tangible fixed assets	(2,576)	158	(2.733)	182
- Internal profit on long-term investments	-		-	(1.727)
- Reversal of adjustments to investments in subsidiary companies	-	141	-	105
- Dividends paid by consolidated companies	-	(85.007)	-	(79.009)
Adjustment of accounting policies to achieve consistent Group accounting policies, net of tax effects:				
- Adjustment to achieve a consistent accounting policy regarding intangible assets	7,810	(921)	15,870	(833)
- Application of *IFRS 16* and *IAS 17*	(398)	(267)	(135)	(67)
- Valuation at equity of companies reported at cost	1,556	720	806	(138)
Book value of consolidated equity investments	(868.112)	-	(774.198)	-
Shareholders' Equity and profit for the year of consolidated companies	**1,174,265**	**177,379**	1,013,777	139,815
Allocation of the difference to the assets of the consolidated companies and relative depreciation, amortisation and write-downs:				
- Goodwill from consolidation	193,929	(104)	159,960	-
Group consolidated financial statements	**820,615**	**133,693**	698,257	89,549

21. Employee severance indemnities and benefits

Balance as at 12.31.2022	15,143
Balance as at 12.31.2021	18,696
Change	**(3,553)**

The breakdown for this item is as follows:

Description	**12.31.2022**	12.31.2021
Balance as at 1 January	18,696	18,536
Provisions	2,102	2,364
(Uses)	(1,531)	(1,047)
Financial expense	(16)	(25)
Other changes	(4,098)	(1,122)
Exchange differences	(9)	(11)
Balance at the end of the period	**15,143**	18,696

Employee benefits are calculated on the basis of the following actuarial assumptions:

Description	Interest rate
Annual discount rate	0.58%
Inflation rate	1.50%
Annual severance indemnity increase rate	2.18%
Annual wage increase rate	2.00%

Sensitivity analysis

The effects of the variation of the assumptions used are presented here below:

Balance as at December 31, 2022	Amount
Inflation rate + 0.5%	216
Inflation rate - 0.5%	(209)
Discount rate + 0.5%	(395)
Discount rate - 0.5%	426
Turnover rate +0.5%	165

Employee severance indemnities

The item “Employee severance indemnity” reflects the indemnity provided to employees during their working relationship which is paid at the time the employee leaves the company. In the presence of specific conditions, the employee may obtain a partial advance on said indemnity during their working relationship.

Other

The item “Other” comprises benefits such as the loyalty bonus, which accrues on attainment of a specific length of service within the company.

22. Provision for deferred taxes

Balance as at 12.31.2022	12,163
Balance as at 12.31.2021	7,362
Change	**4,801**

The item “Provision for deferred taxes“ represents the net balance of deferred tax liabilities provided for in the consolidated financial statements as at December 31, 2022 with regard to tax items present in the financial statements of the Group companies (accelerated depreciation), and the deferred tax liabilities referring to the other consolidation entries; the item comprises.

Description	Capital gains	Accelerated depreciations	Leasing	Other minor	**Total**
Balance as at 01.01.2021	22	960	31	3,248	4,261
Provisions/Uses	9	1,255	(25)	295	1,534
Other changes	-	-	-	1,434	1,434
Exchange differences	-	76	5	52	133
Balance as at 12.31.2021	32	2,290	11	5,029	**7,362**
Provisions/Uses	(7)	1,877	(100)	747	2,517
Other changes	-	-	(2)	2,497	2,495
Exchange differences	-	(180)	4	(34)	(210)
Balance as at 12.31.2022	24	3,987	(87)	8,238	**12,163**

23. Provisions for risks and charges

Balance as at 12.31.2022	3,309
Balance as at 12.31.2021	3,070
Change	**239**

The breakdown of the item is as follows:

Description	12.31.2022	12.31.2021	Change
Other minor provisions	3,309	3,070	239
Total other provisions	**3,309**	3,070	239
Total	**3,309**	3,070	239

Provisions for risks and charges are allocated exclusively in the presence of a current obligation assessable in a reliable way, as a result of past events, which may be legal, contractual or derive from declarations or behaviour of the company such as to create in third parties a reasonable expectation that the company is responsible or assumes the responsibility of fulfilling an obligation. If the financial effect of time is significant, the liability is discounted, the discounting effect is recorded under financial expense.

The provisions underwent the following changes:

Description	12.31.2021	Provisions	Uses	Other changes	12.31.2022
Other minor provisions	3,070	975	(787)	51	3,309
Total	3,070	975	(787)	51	**3,309**

24. Payables and other financial liabilities

Balance as at 12.31.2022	454,496
Balance as at 12.31.2021	378,471
Change	**76,025**

The breakdown of the item is as follows:

Description	12.31.2022	12.31.2021	Change
Bonds	172,764	109,796	62,969
Amounts due to other lenders	214,490	231,577	(17,086)
Lease *liabilities*	47,732	34,573	13,159
Derivatives	-	1,135	(1,135)
Other	19,509	1,390	18,119
Total	**454,496**	378,471	76,025

The item "Bonds" refers:

- to the issue of two bond loans taken out by two American institutional investors. The original amount of these issues totals US$95 million converted to Euro 75,011 thousand by means of two cross currency swap (*CCS*) contracts for a duration equal to the original bond loans (12 years);
- to the issue of a bond subscribed by three American institutional investors. The original amount of this issue was Euro 40 million;
- to the issue of a bond subscribed by two American institutional investors. The original amount of this issue was Euro 70 million;
- to the issue of a bond subscribed by five American institutional investors. The original amount of this issue was Euro 75 million.

The item "Amounts due to other lenders" comprises medium- and long-term loans granted by credit institutions. Some of these loans are backed by liens on movable assets and mortgages on real property, as already mentioned in the notes regarding tangible fixed assets.

The item "Others" includes Euro 18 million in payables to SIMEST Spa for the repurchase of shares in the companies BHORUKA SPECIALTY GASES PRIVATE Ltd and GREEN ASU PLANT PRIVATE Ltd.

The detailed breakdown of the item "Bonds", "Amounts due to other lenders", "Lease liabilities" and "Derivatives" is as follows (with values expressed in thousands of euro:

Lending institution	Amount	Long-term portion	Short-term portion	Interest rate		Maturity		Original amount
MISE	62	-	62	Fixed	0,17%	12.31.2022	Euro	289,820
CREDEM	11	-	11	Fixed	0.85%	01/21/2023	Euro	500,000
MEDIOBANCA *	536	-	536	Fixed	2.90%	06/20/2023	Euro	15,000,000
UNICREDIT BULBANK	1,000	-	1,000	Fixed	4,50%	10/11/2023	Euro	8,000,000
UNICREDIT	10	-	10	Floating	1,00%	11/30/2023	Euro	27,000
PSA	4	-	4	Fixed	3.99%	12/31/2023	Euro	18,850
INTESA SAN PAOLO *	5,625	1,875	3,750	Floating	2.07%	03/31/2024	Euro	30,000,000
MEDIOCREDITO ITALIANO	2,222	741	1,481	Floating	1,40%	03/31/2024	Euro	20,000,000
UNICREDIT *	1,875	625	1,250	Floating	1.20%	05/31/2024	Euro	10,000,000
BNL - BNP PARIBAS	79	29	50	Floating	2.00%	07/22/2024	Euro	200,000
MONTE PASCHI SIENA	2,083	1,250	833	Fixed	4.21%	06/15/2025	Euro	10,000,000
INTESA SAN PAOLO *	9,375	5,625	3,750	Fixed	1.44%	06/30/2025	Euro	30,000,000
CREDITO VALTELLINESE	3,811	2,549	1,262	Floating	0.73%	07/05/2025	Euro	10,000,000
CREDITO VALTELLINESE	1,905	1,274	631	Floating	0,73%	07/05/2025	Euro	5,000,000
INTESA SAN PAOLO	105	65	40	Fixed	1,00%	07/13/2025	Euro	200,000
BNL - BNP PARIBAS	583	371	212	Floating	3,05%	09/01/2025	Euro	900,000
UBI BANCA	7,664	5,157	2,507	Fixed	1.00%	09/14/2025	Euro	20,000,000
BANK OF IRELAND	99	62	37	Floating	4.28%	11/19/2025	Euro	290,000
BANCA IMI *	2,384	1,700	684	Fixed	6.50%	01/26/2026	Euro	7,000,000
UNICREDIT	466	327	139	Floating	2,50%	03/31/2026	Euro	500,000
BCC CARATE	4,473	3,211	1,262	Floating	3.50%	06/13/2026	Euro	10,000,000
INTESA SAN PAOLO *	17,500	12,500	5,000	Fixed	1.10%	06/30/2026	Euro	40,000,000
BNL - BNP PARIBAS *	13,500	10,500	3,000	Fixed	1.69%	11/25/2026	Euro	30,000,000
BCC ROMA	74	55	19	Fixed	1,50%	11/25/2026	Euro	100,000
UNICREDIT BOSNIA	946	738	208	Floating	3,80%	12/31/2026	Euro	2,000,000
HDFC	1,368	1,019	349	Floating	9,50%	12/31/2026	Euro	1,367,648
CARIGE	157	122	35	Fixed	1,55%	04/30/2027	Euro	180,000
UBI BANCA *	23,126	18,129	4,997	Fixed	1.60%	06/26/2027	Euro	40,000,000
MEDIOBANCA	27,500	22,500	5,000	Fixed	1.66%	01/28/2028	Euro	40,000,000
BANK OF IRELAND	554	465	89	Floating	3,87%	05/16/2028	Euro	600,000
BCC ROMA	1,188	969	219	Floating	2,73%	05/31/2028	Euro	1,500,000
UBI BANCA	602	503	99	Floating	2,20%	09/24/2028	Euro	1,000,000
INVITALIA	8,524	7,217	1,307	Fixed	0.11%	06/30/2029	Euro	12,643,000
BANCO BPM	38,180	32,313	5,867	Fixed	1.90%	06/30/2029	Euro	50,000,000
BNL - BNP PARIBAS *	34,960	29,970	4,990	Fixed	1.73%	12/31/2029	Euro	40,000,000
BNL - BNP PARIBAS *	21,875	18,656	3,219	Fixed	1.32%	05/06/2030	Euro	30,000,000
BCC CARATE	4,460	3,919	541	Fixed	0,85%	12/17/2030	Euro	5,000,000
BANCA DI CARAGLIO	157	141	16	Floating	1,80%	11/30/2031	Euro	250,000
BCC CARATE *	9,989	9,989		Floating	2.43%	10/06/2032	Euro	10,000,000
BANCO BPM *	19,920	19,924	(4)	Floating	4.00%	12/31/2032	Euro	40,000,000
Derivatives	3	-	3					
Lease liabilities	66,063	47,732	18,331					
Total amounts due to other lenders	**335,018**	**262,222**	**72,796**					
Bonds	184,693	172,764	11,929					
Total	**519,711**	**434,986**	**84,725**					

Covenants

The loan agreements marked by an asterisk (*) contain financial restrictions (covenants) that envisage the maintenance of certain ratios between net financial indebtedness and shareholders' equity, between net financial indebtedness and cash-flow, and between net financial indebtedness and EBITDA referable to the consolidated financial statements.
To date, these parameters were complied with and are complied with as at December 31, 2022.

Derivatives

Some loan agreements were covered by derivative contracts, as defined below.

1. The loan agreement outstanding with Mediobanca whose residual debt amounts to Euro 536 thousand was hedged by an *IRS* agreement entered into on May 19, 2010, which anticipates the payment of a fixed rate of 2.9% against a floating 6-month Euribor rate. The fair value as at December 31, 2022, calculated by the same bank, was negative in the amount of Euro 1 thousand (negative in the amount of Euro 55 thousand as at December 31, 2021).
2. The loan agreement outstanding with BNL - BNP Paribas, the residual debt of which amounts to Euro 34,960 thousand, was hedged by a fixed rate of 1.45% against a floating 6-month Euribor rate. The fair value as at December 31, 2022, calculated by the same bank, was positive in the amount of Euro 3,605 thousand (negative in the amount of Euro 351 thousand as at December 31, 2021).
3. The bond whose residual debt amounts to Euro 9,588 thousand was hedged by a CCS contract entered into with Intesa San Paolo on June 15, 2012. The fair value as at December 31, 2022, calculated by the same bank, was positive in the amount of Euro 1,529 thousand (at December 31, 2021 positive in the amount of Euro 1,407 thousand).
4. The bond whose residual debt amounts to Euro 8,121 thousand was hedged by a CCS contract entered into with Intesa San Paolo on May 29, 2013. The fair value as at December 31, 2022, calculated by the same bank, was positive in the amount of Euro 1,614 thousand (at December 31, 2021 positive in the amount of Euro 1,478 thousand).
5. The loan outstanding with Unicredit Bulbank whose residual debt amounts to Euro 1,000 thousand was hedged by a fixed rate of 2.40% against a floating 3-month Euribor rate. The fair value as at December 31, 2022, calculated by the same bank, was positive in the amount of Euro 2 thousand (negative in the amount of Euro 67 thousand as at December 31, 2021).
6. The loan agreement outstanding with Intesa San Paolo whose residual debt amounts to Euro 9,375 thousand was hedged by a fixed rate of 0.44% against a floating 6-month Euribor rate. The fair value as at December 31, 2022, calculated by the same bank, was positive in the amount of Euro 390 thousand (negative in the amount of Euro 178 thousand as at December 31, 2021).
7. The loan agreement outstanding with Banca Popolare di Bergamo, the residual debt of which amounts to Euro 7,664 thousand, was hedged by a fixed rate of 0.10% against a floating 3-month Euribor rate. The fair value as at December 31, 2022, calculated by the same bank, was positive in the amount of Euro 332 thousand (negative in the amount of Euro 95 thousand as at December 31, 2021).
8. The loan agreement outstanding with Intesa San Paolo whose residual debt amounts to Euro 17,500 thousand was hedged by a fixed rate of 0.10% against a floating 6-month Euribor rate. The fair value as at December 31, 2022, calculated by the same bank, was positive in the amount of Euro 1,069 thousand (negative in the amount of Euro 145 thousand as at December 31, 2021).
9. The loan agreement outstanding with BNL - BNP Paribas, the residual debt of which amounts to Euro 13,500 thousand, was hedged by a fixed rate of 0.535% against a floating 6-month Euribor rate. The fair value as at December 31, 2022, calculated by the same bank, was positive in the amount of Euro 685 thousand (negative in the amount of Euro 278 thousand as at December 31, 2021).
10. The loan agreement outstanding with Mediobanca, the residual debt of which amounts to Euro 27,500 thousand, was hedged by a fixed rate of 0.759% against a floating 6-month Euribor rate. The fair value as

at December 31, 2022, calculated by the same bank, was positive in the amount of Euro 1,618 thousand (negative in the amount of Euro 560 thousand as at December 31, 2021).

11. The loan agreement outstanding with BNL - BNP Paribas, the residual debt of which amounts to Euro 21,875 thousand, was hedged by a fixed rate of -0.13% against a floating 6-month Euribor rate. The fair value as at December 31, 2022, calculated by the same bank, was positive in the amount of Euro 2,154 thousand (at December 31, 2021 positive in the amount of Euro 67 thousand).

The Group, where possible, applies hedge accounting, verifying compliance with the requirements of *IAS 39*.
From January 1, 2018, the Group decided to continue to use the hedge accounting rules set out in *IAS 39* and not *IFRS 9* for all hedges already designated in hedge accounting at December 31, 2017 and for new hedges designated in subsequent periods.
Derivative instruments that qualify as hedges pursuant to *IFRS 9* and *IAS 39* comprise transactions put in place to hedge the fluctuations in cash flows (Cash Flow Hedge - CFH) and to hedge the fair value of the hedged element (Fair Value Hedge - FVH).
The contract numbered 1. was assessed at fair value hedge, while contracts numbered from 2. to 11. were assessed at cash flow hedge.

Hierarchical levels of fair value measurement

As regards the financial instruments recorded in the statement of financial position at fair value, the *IFRS 7* requires that such values be classified on the basis of a hierarchical level that reflects the importance of the inputs used when determining the fair value.
The levels are broken down as follows:

- Level 1 - prices recorded on an active market for measured assets or liabilities;
- Level 2 - inputs other than the prices set forth above, which are directly (prices) or indirectly (derived from the prices) observable on the market;
- Level 3 - inputs that are based on observable market figures.

The following table shows the fair value as at December 31, 2022 of financial instruments by hierarchical level of fair value measurement:

Payables and other financial liabilities	Notes	Level 1	Level 2	Level 3	**Total**
Negative measurement					
MEDIOBANCA			(1)		(1)
UNICREDIT			(2)		(2)
Total negative measurement		-	(3)	-	**(3)**
Positive measurement					
BNL - BNP PARIBAS			685		685
BNL - BNP PARIBAS			2,154		2,154
BNL - BNP PARIBAS			3,605		3,605
MEDIOBANCA			1,618		1,618
BANCA POPOLARE DI BERGAMO			332		332
INTESA SAN PAOLO			1,529		1,529
INTESA SAN PAOLO			1,614		1,614
INTESA SAN PAOLO			390		390
INTESA SAN PAOLO			1,069		1,069
Total positive measurement		-	12,996	-	**12,996**
Overall total		-	12,993	-	**12,993**

Fair value Calculation models used

The fair value of the item "Due to banks" and of the item "Due to other lenders" was calculated on the basis of the interest rate curve at the end of the reporting period.

The fair value of the financial instruments listed on an active market is based on market prices at the end of the reporting period. The market prices used are bid /ask prices depending on the active/passive position held. The fair value of financial instruments not listed in an active market and of derivative instruments is determined using measurement techniques and models prevailing on the market, using inputs that are observable on the market.

It should be noted that - for the items trade receivables and payables, other financial assets - fair values have not been calculated as their book value approximates them.

The fair value of finance lease payables and due to other lenders is not materially different from their book value.

25. Current liabilities

Balance as at 12.31.2022	370,842
Balance as at 12.31.2021	315,398
Change	**55,444**

This item breaks down as follows:

Description	12.31.2022	12.31.2021	Change
Amounts due to banks	6,860	1,643	5,216
Trade accounts payable	175,114	150,290	24,824
Other financial liabilities	84,814	82,098	2,716
Tax payables	32,552	19,216	13,335
Other current liabilities	71,502	62,150	9,352
Total	**370,842**	315,398	55,444

The item "Other financial liabilities" represents the short-term portions of the amounts due to other lenders, for which reference is made to the breakdown reported previously in the section "Payables and other financial liabilities".

The breakdown of the item "Tax payables" comprises:

Description	12.31.2022	12.31.2021	Change
Income tax payables	15,399	7,185	8,214
VAT payables	13,031	6,101	6,930
Other tax payables	4,122	5,930	(1,808)
Total	**32,552**	19,216	13,335

"Other current liabilities" comprise:

Description	12.31.2022	12.31.2021	Change
Amounts due to social security institutions	9,846	8,678	1,168
Amounts due to employees	15,056	15,432	(376)
Amounts due to shareholders for dividends	73	34	38
Guarantee deposits payable	1,862	1,903	(41)
Other payables	1,308	3,262	(1,954)
Accrued expenses and deferred income	43,357	32,841	10,516
Total	**71,501**	62,150	9,351

The breakdown of the item “Accrued expenses and deferred income“ is as follows:

Description	12.31.2022	12.31.2021	Change
Accrued expenses			
Interest payable on loans	1,220	765	455
Other	13,903	7,597	6,306
Total accrued expenses	**15,123**	8,362	6,762
Deferred income			
Sink funds granted	998	591	407
Rentals receivable	45	44	-
Other	27,191	23,844	3,347
Total deferred income	**28,234**	24,479	3,754
Total accrued expenses and deferred income	**43,357**	32,841	10,516

REVENUES BY TYPE OF BUSINESS SOL GROUP

(amounts in thousands of Euro)

	12.31.2022						
	Technical gas sector	%	Home-care service sector	%	Write downs	Consolidated figures	%
Technical gas sector	796,862	100.0%	-	-	(34,423)	762,439	55.3%
Home-care service sector	-	-	618,199	100.0%	(1,451)	616,748	44.7%
Net sales	**796,862**	**100.0%**	**618,199**	**100.0%**	**(35,874)**	**1,379,187**	**100.0%**
Other revenues and income	78,247	9.8%	6,365	1.0%	(707)	83,904	6.1%
Internal works and collections	5,118	0.6%	19,659	3.2%	1,940	26,718	1.9%
Revenues	**880,227**	**110.5%**	**644,223**	**104.2%**	**(34,641)**	**1,489,809**	**108.0%**
Purchase of materials	393,780	49.4%	150,106	24.3%	(23,236)	520,650	37.8%
Services rendered	205,069	25.7%	171,013	27.7%	(10,052)	366,030	26.5%
Change in inventories	(7,869)	-1.0%	(5,363)	-0.9%	-	(13,232)	-1.0%
Other costs	13,539	1.7%	16,209	2.6%	(1,302)	28,446	2.1%
Total costs	**604,519**	**75.9%**	**331,965**	**53.7%**	**(34,591)**	**901,894**	**65.4%**
Added value	**275,708**	**34.6%**	**312,257**	**50.5%**	**(50)**	**587,915**	**42.6%**
Payroll and related costs	109,784	13.8%	149,873	24.2%		259,657	18.8%
Gross operating margin	**165,924**	**20.8%**	**162,385**	**26.3%**	**(50)**	**328,259**	**23.8%**
Depreciation/amortisation	61,832	7.8%	66,499	10.8%	620	128,950	9.3%
Provisions and write-downs	5,547	0.7%	1,308	0.2%	(8)	6,847	0.5%
Non-recurring (income)/expenses	-	-	-	-	-	-	-
Operating result	**98,545**	**12.4%**	**94,579**	**15.3%**	**(662)**	**192,462**	**14.0%**
Financial income	29,318	3.7%	1,996	0.3%	(28,384)	2,930	0.2%
Financial expense	(13,389)	-1.7%	(5,297)	-0.9%	2,795	(15,891)	-1.2%
Results from equity investments	269	-	38	-	61	368	-
Total financial income/(expense)	**16,198**	**2.0%**	**(3,262)**	**-0.5%**	**(25,528)**	**(12,593)**	**-0.9%**
Profit (Loss) before income taxes	**114,743**	**14.4%**	**91,317**	**14.8%**	**(26,191)**	**179,869**	**13.0%**
Income taxes	18,500	2.3%	23,797	3.8%	(3)	42,294	3.1%
Net result from business activities	**96,243**	**12.1%**	**67,519**	**10.9%**	**(26,188)**	**137,574**	**10.0%**
Net result from discontinued operations	-	-	-	-	-	-	-
(Profit)/Loss pertaining to minority interests	(910)	-0.1%	(2,995)	-0.5%	24	(3,882)	-0.3%
Net Profit/(Loss)	**95,333**	**12.0%**	**64,524**	**10.4%**	**(26,164)**	**133,693**	**9.7%**

OTHER INFORMATION SOL GROUP

(amounts in thousands of Euro)

	12.31.2022						
	Technical gas sector	%	Home-care service sector	%	Write downs	Consolidated figures	%
Total assets	1,334,261		899,538		(515,215)	1,718,583	
Total liabilities	754,861		317,356		(216,265)	855,952	
Investments	53,046		68,287		-	121,334	

		12.31.2021				
Technical gas sector	%	Home-care service sector	%	Write downs	Consolidated figures	%
590,036	100.0%	-	-	(31,613)	558,423	50.2%
		555,935	100.0%	(1,449)	554,486	49.8%
590,036	100.0%	555,935	100.0%	(33,062)	1,112,909	100.0%
7,467	1.3%	4,204	0.8%	(611)	11,060	1.0%
3,921	0.7%	13,049	2.3%	1,962	18,933	1.7%
601,424	101.9%	573,188	103.1%	(31,711)	1,142,901	102.7%
199,972	33.9%	123,779	22.3%	(17,728)	306,023	27.5%
185,476	31.4%	146,684	26.4%	(12,649)	319,511	28.7%
(1,913)	-0.3%	(467)	-0.1%	-	(2,380)	-0.2%
13,627	2.3%	12,413	2.2%	(1,279)	24,761	2.2%
397,161	67.3%	282,409	50.8%	(31,656)	647,915	58.2%
204,263	34.6%	290,779	52.3%	(55)	494,987	44.5%
104,107	17.6%	130,102	23.4%		234,209	21.0%
100,156	17.0%	160,677	28.9%	(55)	260,778	23.4%
58,297	9.9%	60,505	10.9%	494	119,296	10.7%
3,994	0.7%	1,717	0.3%	-	5,711	0.5%
-	-	-	-	-	-	-
37,866	6.4%	98,454	17.7%	(549)	135,771	12.2%
25,336	4.3%	2,009	0.4%	(24,939)	2,406	0.2%
(10,455)	-1.8%	(2,977)	-0.5%	1,960	(11,472)	-1.0%
(777)	-0.1%	(52)	-	52	(777)	-0.1%
14,104	2.4%	(1,020)	-0.2%	(22,928)	(9,843)	-0.9%
51,970	8.8%	97,434	17.5%	(23,476)	125,928	11.3%
7,455	1.3%	24,701	4.4%	15	32,170	2.9%
44,515	7.5%	72,733	13.1%	(23,491)	93,757	8.4%
	-		-			-
(1,353)	-0.2%	(2,879)	-0.5%	25	(4,208)	-0.4%
43,162	7.3%	69,853	12.6%	(23,466)	89,549	8.0%

		12.31.2021				
Technical gas sector	%	Home-care service sector	%	Write downs	Consolidated figures	%
1,129,848		802,749		(488,151)	1,444,447	
658,782		260,337		(196,124)	722,996	
58,230		65,067		-	123,297	

BREAKDOWN OF REVENUES BY TYPE OF BUSINESS: TECHNICAL GAS SECTOR

The income statement of the Technical Gas Sector is shown below:

(amounts in thousands of Euro)

	12.31.2022	%	12.31.2021	%
Net sales	**796,862**	100.0%	590,036	100.0%
Other revenues and income	78,247	9.8%	7,467	1.3%
Internal works and collections	5,118	0.6%	3,921	0.7%
Revenues	**880,227**	110.5%	601,424	101.9%
Purchase of materials	393,780	49.4%	199,972	33.9%
Services rendered	205,069	25.7%	185,476	31.4%
Change in inventories	(7,869)	-1.0%	(1,913)	-0.3%
Other costs	13,539	1.7%	13,627	2.3%
Total costs	**604,519**	75.9%	397,161	67.3%
Added value	**275,708**	34.6%	204,263	34.6%
Payroll and related costs	109,784	13.8%	104,107	17.6%
Gross operating margin	**165,924**	20.8%	100,156	17.0%
Depreciation/amortisation	61,832	7.8%	58,297	9.9%
Provisions and write-downs	5,547	0.7%	3,994	0.7%
Non-recurring (income)/expenses	-	-	-	-
Operating result	**98,545**	12.4%	37,866	6.4%
Financial income	29,318	3.7%	25,336	4.3%
Financial expense	(13,389)	-1.7%	(10,455)	-1.8%
Results from equity investments	269	-	(777)	-0.1%
Total financial income/(expense)	**16,198**	2.0%	14,104	2.4%
Profit (Loss) before income taxes	**114,743**	14.4%	51,970	8.8%
Income taxes	18,500	2.3%	7,455	1.3%
Net result from business activities	**96,243**	12.1%	44,515	7.5%
Net result from discontinued operations	-	-	-	-
(Profit)/Loss pertaining to minority interests	(910)	-0.1%	(1,353)	-0.2%
Net Profit/(Loss)	**95,333**	12.0%	43,162	7.3%

Sales in the Technical Gas Sector registered a 35.1% increase.
Gross operating margin increased by 65.7% compared to the previous year.
Operating result increased by 160.2% compared to the previous year.

The statement of financial position of the Technical Gas sector is presented below:

(amounts in thousands of Euro)

	12.31.2022	12.31.2021
Tangible fixed assets	456,541	411,126
Goodwill and consolidation differences	58,036	29,477
Other intangible fixed assets	15,105	13,072
Equity investments	200,127	199,898
Other financial assets	16,129	8,842
Deferred tax assets	12,895	14,901
Non-current assets	**758,833**	677,316
Non-current assets held for sale	**-**	-
Inventories	40,917	31,133
Trade receivables	292,464	213,765
Other current assets	41,617	26,719
Current financial assets	117,623	101,408
Cash and cash at bank	82,807	79,507
Current assets	**575,427**	452,532
TOTAL ASSETS	**1,334,261**	1,129,848
Share capital	47,164	47,164
Share premium reserve	63,335	63,335
Legal reserve	10,459	10,459
Reserve for treasury shares in portfolio	-	-
Other reserves	334,643	294,338
Retained earnings (accumulated loss)	-	-
Net Profit	95,333	43,162
Shareholders' equity - Group	**550,934**	458,459
Shareholders' equity - Minority interests	27,555	11,254
Profit pertaining to minority interests	910	1,353
Shareholders' equity - Minority interests	**28,465**	12,608
Shareholders' equity	**579,399**	471,067
Employee severance indemnities and benefits	10,383	13,875
Provision for deferred taxes	6,968	4,170
Provisions for risks and charges	2,313	1,557
Payables and other financial liabilities	416,938	354,131
Non-current liabilities	**436,601**	373,734
Non-current liabilities held for sale	**-**	-
Amounts due to banks	5,528	1,230
Trade accounts payable	115,509	100,916
Other financial liabilities	151,378	148,268
Tax payables	13,890	7,583
Other current liabilities	31,956	27,051
Current liabilities	**318,260**	285,048
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,334,261**	1,129,848

BREAKDOWN OF REVENUES BY TYPE OF BUSINESS: HOME-CARE SERVICE SECTOR

The income statement of the Home-care Service sector is shown below:

(amounts in thousands of Euro)

	12.31.2022	%	12.31.2021	%
Net sales	**618,199**	100.0%	555,935	100.0%
Other revenues and income	6,365	1.0%	4,204	0.8%
Internal works and collections	19,659	3.2%	13,049	2.3%
Revenues	**644,223**	104.2%	573,188	103.1%
Purchase of materials	150,106	24.3%	123,779	22.3%
Services rendered	171,013	27.7%	146,684	26.4%
Change in inventories	(5,363)	-0.9%	(467)	-0.1%
Other costs	16,209	2.6%	12,413	2.2%
Total costs	**331,965**	53.7%	282,409	50.8%
Added value	**312,257**	50.5%	290,779	52.3%
Payroll and related costs	149,873	24.2%	130,102	23.4%
Gross operating margin	**162,385**	26.3%	160,677	28.9%
Depreciation/amortisation	66,499	10.8%	60,505	10.9%
Provisions and write-downs	1,308	0.2%	1,717	0.3%
Non-recurring (income)/expenses	-	-	-	-
Operating result	**94,579**	15.3%	98,454	17.7%
Financial income	1,996	0.3%	2,009	0.4%
Financial expense	(5,297)	-0.9%	(2,977)	-0.5%
Results from equity investments	38	-	(52)	-
Total financial income/(expense)	**(3.262)**	-0.5%	(1.020)	-0.2%
Profit (Loss) before income taxes	**91,317**	14.8%	97,434	17.5%
Income taxes	23,797	3.8%	24,701	4.4%
Net result from business activities	**67,519**	10.9%	72,733	13.1%
Net result from discontinued operations	-	-	-	-
(Profit)/Loss pertaining to minority interests	(2,995)	-0.5%	(2,879)	-0.5%
Net Profit/(Loss)	**64,524**	10.4%	69,853	12.6%

Sales in the Home care Service sector reported an increase of 11.2%.
Operating result decreased by 3.9% compared to the previous year.

The statement of financial position of the Home-care Service sector is presented below:

(amounts in thousands of Euro)

	12.31.2022	12.31.2021
Tangible fixed assets	225,387	191,297
Goodwill and consolidation differences	120,187	105,530
Other intangible fixed assets	11,445	9,679
Equity investments	162,825	153,131
Other financial assets	7,474	2,952
Deferred tax assets	5,547	6,017
Non-current assets	**532,865**	468,606
Non-current assets held for sale	**-**	-
Inventories	43,227	36,169
Trade receivables	157,898	139,562
Other current assets	23,553	10,156
Current financial assets	90,183	88,121
Cash and cash at bank	51,812	60,135
Current assets	**366,673**	334,143
TOTAL ASSETS	**899,538**	802,749
Share capital	7,750	7,750
Share premium reserve	20,934	20,934
Legal reserve	1,550	1,550
Reserve for treasury shares in portfolio	-	-
Other reserves	449,292	407,157
Retained earnings (accumulated loss)	24,577	24,577
Net Profit	64,524	69,853
Shareholders' equity - Group	**568,627**	531,821
Shareholders' equity - Minority interests	10,559	7,712
Profit pertaining to minority interests	2,995	2,880
Shareholders' equity - Minority interests	**13,555**	10,591
Shareholders' equity	**582,181**	542,412
Employee severance indemnities and benefits	4,760	4,820
Provision for deferred taxes	5,168	3,165
Provisions for risks and charges	1,004	1,513
Payables and other financial liabilities	134,228	121,849
Non-current liabilities	**145,161**	131,347
Non-current liabilities held for sale	**-**	-
Amounts due to banks	1,332	413
Trade accounts payable	77,625	62,374
Other financial liabilities	32,981	18,468
Tax payables	18,662	11,633
Other current liabilities	41,595	36,102
Current liabilities	**172,195**	128,990
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**899,538**	802,749

INFORMATION BY GEOGRAPHIC AREA

The breakdown of revenues by geographic area is presented below:

Description	12.31.2022	12.31.2021	Change
Italy	600,702	462,405	138,297
Other Countries	778,485	650,504	127,981
Total	**1,379,187**	1,112,909	266,278

The breakdown of investments by geographic area is presented below:

Description	12.31.2022	12.31.2021	Change
Italy	42,808	44,505	(1,697)
Other Countries	78,526	78,792	(266)
Total	**121,334**	123,297	(1,963)

INTRA-GROUP TRANSACTIONS AND TRANSACTIONS WITH RELATED PARTIES

The parent company SOL Spa is controlled by GAS AND TECHNOLOGIES WORLD Bv, in turn controlled by STICHTING AIRVISION; the Group has not entered into any transaction with the latter.

INTRA-GROUP TRANSACTIONS

All the intra-group transactions fall within the ordinary operations of the Group, they are conducted on an arms' length basis, and there were no atypical or unusual transactions or transactions causing potential conflicts of interest.
Intra-group sales and services carried out during 2022 amounted to Euro 339.3 million.
As at December 31, 2022, receivable and payable transactions between Group companies came to Euro 484.9 million, of which Euro 314.5 million of a financial nature and Euro 170.4 million of a trade nature.

The breakdown of intercompany financial receivables is as follows:

Financial receivables granted by SOL Spa	Euro	188.8 million
Financial receivables granted by AIRSOL BV	Euro	26.5 million
Financial receivables granted by other companies	Euro	999.2 million

The transactions of the SOL Group with non-consolidated subsidiary companies, jointly controlled companies and associated companies comprised:

Sales and services to CT BIOCARBONIC GmbH	Euro	38 thousand
Purchases from CT BIOCARBONIC GmbH	Euro	3,888 thousand
Amounts due to CT BIOCARBONIC GmbH	Euro	323 thousand
Sales and services to ZDS JESENICE doo	Euro	3,735 thousand
Purchases from ZDS JESENICE doo	Euro	8,058 thousand
Trade receivables from ZDS JESENICE doo	Euro	564 thousand
Amounts due to ZDS JESENICE doo	Euro	735 thousand
Trade receivables from CONSORGAS Srl	Euro	3 thousand
Financial receivables from CONSORGAS Srl	Euro	35 thousand
Amounts due to CONSORGAS Srl	Euro	6 thousand
Sales and services to CONSORZIO ECODUE	Euro	130 thousand
Purchases from CONSORZIO ECODUE	Euro	580 thousand
Trade receivables from CONSORZIO ECODUE	Euro	75 thousand
Amounts due to CONSORZIO ECODUE	Euro	195 thousand
Amounts due to SHANGHAI SHENWEI MEDICAL GAS Co. Ltd	Euro	1 thousand
Sales and services to SHANGHAI SHENWEI MEDICAL GAS Co. Ltd	Euro	230 thousand

COMMITMENTS, GUARANTEES AND POTENTIAL LIABILITIES

The Sol Group obtained sureties totalling Euro 89,829 thousand.

NET FINANCIAL POSITION

(amounts in thousands of Euro)

	12.31.2022	12.31.2021
A. Cash and cash equivalents	134,642	139,642
B. Cash and cash equivalents	7,561	6,834
C. Other current financial assets	5,648	1,882
D. Liquidity (A + B + C)	**147,851**	148,357
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(26,503)	(18,393)
F. Current portion of non-current financial debt	(66,391)	(66,113)
G. Current borrowing (E + F)	**(92,894)**	(84,506)
H. Net current borrowing (G - D)	**54,957**	63,851
I. Non-current financial debt (excluding the current portion and debt instruments)	(426,604)	(373,503)
J. Debt instruments	0	(1,135)
K. Trade payables and other non-current debts	(18,100)	(100)
L. Non-current borrowing (I + J + K)	**(444,704)**	(374,738)
M. Total net borrowing (H + L)	**(389,747)**	(310,887)

Letter E "Current financial debt" includes Euro 18,331 related to the short-term portion arising from the application of *IFRS 16*, while letter I "Non-current financial debt" includes Euro 47,732 related to the long-term portion.

After deduction of lease portions, net indebtedness amounted to Euro 323,684 thousand (Euro 261,025 as at December 31, 2021).

DISCLOSURE PURSUANT TO ARTICLE 1 PARAGRAPH 125 OF ITALIAN LAW NO. 124 OF 4 AUGUST 2017

With reference to Article 1 paragraph 125 of Italian Law 124/2017, the subsidies received by public administrations are summarised below:

- Contribution of Euro 201 thousand from the Ministry of Economic Development (MiSE) for the CHEAPH2 Project, PON I&C 2014-2020 "Horizon 2020" Funds granted to the parent company
- Contribution of Euro 1 thousand for the BIOSET Project for the development of services and products for a more efficient and safer blood transfusion chain granted to the Parent company
- Aid for investment in Research, Development and Innovation Euro 114 thousand - Apulia Regional Regulation for exempted aid (no. 17 of September 30, 2014 - Burp October 06, 2014) to the company VIVISOL Srl
- Contribution of the Lazio Region of Euro 19 thousand for the W-Shield project - public notice "2019 Strategic Projects" (managing body Lazio Innova) paid to CRYOLAB Srl
- European contribution of Euro 53 thousand for Katy project (Horizon 2020 programme - Artificial Intelligence and Bioinformatics in the fight against tumours) granted to the company PERSONAL GENOMICS Srl
- European contribution of Euro 120 thousand for Eclipse project (Horizon programme - for the production of a nanobiotechnological platform for the detection of pathogens with a high level of sensitivity and reliability) granted to the company PERSONAL GENOMICS Srl
- Contribution from the Marche Region for Progetto Bando Piattaforme Euro 155 thousand (of which Euro 65 thousand paid to the project partners) to the company DIATHEVA Srl.

ADJUSTMENTS PURSUANT TO ART.S 15 AND 18 OF THE MARKET REGULATIONS

Pursuant to Article 18 (former 39) of the Market Regulation issued by Consob with reference to "Conditions for the share prices of companies controlling companies set-up and governed by the law of non-EU Countries" referred to in Article 15 (former 36) of the above Regulation (issued in order to implement Article 62 sub-paragraph 3 bis of Italian Legislative Decree 58/1998 as amended on December 28, 2017 with resolution no. 20249), it is stated that in the SOL Group there are twelve companies based in four non-EU Countries that are important pursuant to sub-paragraph 2 of the said article 15.
The current procedures of the SOL Group already allow to conform with what is required by the standard.

INFORMATION PURSUANT TO ARTICLE 149 DUODECIES OF THE CONSOB ISSUER REGULATION

The following table, drawn up pursuant to Article 149 duodecies of the Consob Issuer Regulation, shows the considerations pertaining to the 2022 financial year for the auditing services and for those other than auditing supplied by the auditing company and by bodies belonging to its network.

(amounts in thousands of Euro)

	Subject who supplied the service	Recipient	Considerations pertaining to the 2022 financial year
External auditing	Deloitte	Parent Company SOL Spa	128
	Deloitte	Subsidiary companies	100
	Deloitte network	Subsidiary companies	282
Quarterly audit	Deloitte	Parent Company SOL Spa	6
	Deloitte	Subsidiary companies	9
	Deloitte network	Subsidiary companies	4
Other services	Deloitte	Parent Company SOL Spa (1)	39
	Deloitte	Subsidiary companies (1)	28
	Deloitte network	Subsidiary companies	10
Total			**606**

(1) Fiscal aid services and others

NON-RECURRING SIGNIFICANT EVENTS AND TRANSACTIONS

Pursuant to Consob (Italian Securities and Exchange Commission) communication no. DEM/6064296 of July 28, 2006, the SOL Group did not carry out non-recurring significant events and transactions during 2022.

TRANSACTIONS DERIVING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

Pursuant to Consob communication no. DEM/6064296 of July 28, 2006, the SOL Group did not carry out atypical and/or unusual operations since 2022, as defined by the Communication itself.

SIGNIFICANT EVENTS THAT TOOK PLACE AT THE REPORTING DATE AND FORESEEABLE BUSINESS DEVELOPMENTS

In this regard, please refer to the specific section in the management report.

Monza, March 30, 2023

The Chairman of the Board of Directors
(Aldo Fumagalli Romario)

CERTIFICATE OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF ITALIAN LEGISLATIVE DECREE 58/1998

The undersigned Aldo Fumagalli Romario and Marco Annoni, as Managing directors, and Marco Filippi, as Manager in charge of drawing up company accounting documents for SOL Spa, certify, also considering the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of February 24, 1998:

- the adequacy in relation to the characteristics of the business and
- actual application

of the administrative and accounting procedures for the drawing up of the consolidated financial statements during the 2022 financial year.

We also certify that:

1. The consolidated financial statements:
   a) were prepared in accordance with the International Financial Reporting Standards recognised by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;
   b) correspond to the results of the accounting books and records;
   c) give a true and fair view of the financial position, the results of the operations and of the cash flows of the issuer and of the consolidated companies;

2. The directors' report includes a reliable analysis of the business trend and operating result as well as of the situation of issuing company and of the consolidated companies, together with a description of the main risks and uncertainties they incur.

Monza, March 30, 2023

The Managing directors
(Aldo Fumagalli Romario)
(Marco Annoni)

Manager in charge of
drawing up company accounting documents
(Marco Filippi)

Subject definition	
Name of reporting entity or other means of identification	SOL Spa
Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period	There were no changes compared to the previous year
Domicile of entity	Monza (Italy)
Legal form of entity	Joint-stock company
Country of registration	Italy
Address of registered office of entity	Via Borgazzi 27, 20900 Monza
Main place of business	SOL is an Italian multinational group operating in Europe, Turkey, Morocco, India, China and Brazil
Description of the nature of the entity's business and its main operations	SOL is an Italian multinational group operating in two main sectors: production, applied research and marketing of technical, pure and medical gases (Technical Gas sector) and home care (Home Care sector).
Name of parent entity	SOL Spa
Name of the parent company	SOL Spa

REPORT OF THE AUDITING COMPANY SOL GROUP

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
SOL S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of SOL S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

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 SOL S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Impairment test on Intangible Assets with an Indefinite Useful Life	
Description of the key audit matter	The Group recognizes intangible assets with indefinite useful lives ("goodwill and consolidation differences") for Euro 216,811 thousand, which, in accordance with the applicable accounting standards, and as described in the notes to the financial statements, are not amortized, rather they are subjected to an impairment test at least annually. As required by the "IAS 36 Impairment of Assets," the Company's Directors have carried out the impairment test in order to determine that intangible assets with indefinite useful lives are accounted for in the consolidated financial statements at December 31, 2022 at a value not higher than their recoverable values. The amounts subject to impairment test do not include intangible assets with indefinite useful lives relating to the companies acquired by the Group during the year, equal to Euro 34,277 thousand, the value of which was subject to verification upon initial registration. The recoverable amounts of these assets were estimated by determining their economic values, based on the cash flows that the assets are able to generate. Based on the strategic and organizational choices made, the Directors identified the Cash Generating Units ("CGU") in the individual legal entities, which represent the smallest units generating financial flows identifiable within the Group. The recoverability of the amounts recorded in the financial statements was verified by comparing the carrying amounts of the assets attributable to the CGUs with the values in use of the same. The value in use, defined as Enterprise Value, was determined considering the expected cash flows for an explicit projection period (in some cases even longer than 5 years in relation to the specificity of some businesses) for the individual CGUs, the terminal value, determined after the last year of the explicit projection period through the application of a perpetual annuity, and an appropriate discount rate (Weighted Average Cost of Capital - WACC). In particular, the WACC was calculated for each CGU subjected to the impairment test, taking into account the specific parameters of the geographical area: market risk premium and sovereign debt yields. Future expectations about market conditions influence these assumptions. Based on the impairment test approved by the Board of Directors on March 30, 2023, the Directors assessed that the carrying values of the intangible assets with indefinite useful lives are lower than the recoverable values and, therefore, no impairment losses were recognized in relation to the intangible assets with indefinite useful lives with the exception of the Albanian company Hydroenergy for which a devaluation of Euro 604 thousand was recorded.

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	Considering the relevant values of the intangible assets with indefinite useful lives accounted for in the consolidated financial statements, the subjectivity of the estimates related to the determination of cash flows (DCF) and the key variables of the impairment tests, we considered the impairment test as a key audit matter of the Group consolidated financial statements. Note 10 "Goodwill and consolidation differences" of the consolidated financial statements states the disclosures on the impairment test, including a sensitivity analysis performed by the Directors, which shows the effects that may occur on the recoverable value of intangible assets resulting from changes in certain key assumptions used for the impairment test.
Audit procedures performed	As part of our audit, we have, among others, carried out the following procedures, also with the support of experts: • review of the methods adopted by the Directors for the determination of the value in use of the CGUs, analyzing the methods and assumptions used and considered for the development of the impairment test and its compliance with the applicable accounting standards; • understand and evaluate the Group's relevant internal controls over the impairment test process related to intangible assets with indefinite useful lives; • analysis of the reasonableness of the key assumptions underlying the cash flow calculation; also, through the review of historical data available on the sector and on the Group (such as growth and average sector margins) as well as through the review of information obtained from the Directors; • analysis of the actual figures compared to the planned amounts in order to assess the nature of the deviations and the reliability of the planning process; • analysis of the reasonableness of the discount rate (WACC), of the calculation of the terminal value (TV) and of the long-term growth rate (g-rate); • review of the mathematical accuracy of the model used to estimate the value in use of the CGUs; • review of the correct calculation of the book value of the CGUs; • review of the sensitivity analysis aimed at understanding the effects on the impairment test when certain assumptions change; • analysis of the adequacy and compliance of the disclosure related to the impairment test.

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Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of SOL S.p.A. appointed us on May 12, 2016 as auditors of the Company for the years from December 31, 2016 to December 31, 2024.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of SOL S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements as at December 31, 2022, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2022 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the explanatory notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of SOL S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of SOL Group as at December 31, 2022, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of SOL Group as at December 31, 2022 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure is are consistent with the consolidated financial statements of SOL Group as at December 31, 2022 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

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Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree December 30, 2016, no. 254

The Directors of SOL S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree December 30, 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree December 30, 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Riccardo Raffo
Partner

Milan, Italy
April 18, 2023

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.


SOL

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