

# 2023

## SOL GROUP ANNUAL REPORT



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## **86 REPORT OF THE AUDITING COMPANY SOL GROUP**

### **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



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**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 (Indipendente)

Anna Gervasoni (Indipendente)

Antonella Mansi (Indipendente)

Elli Meleti (Indipendente)

Erwin Paul Walter Rauhe (Indipendente)

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**GENERAL MANAGER**

Andrea Monti

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**BOARD OF STATUTORY AUDITORS****Chairman**

Giovanni Maria Alessandro Angelo Garegnani

**Regular auditors**

Giuseppe Marino

Paola De Martini

**Alternate Auditors**

Annalisa Randazzo

Lucia Foti Belligambi

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**AUDITING COMPANY**

DELOITTE &amp; TOUCHE Spa

Via Tortona n. 25

20144 Milan

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**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, 2023 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*).

Translation from the Italian original version which remains the definitive one. This document is not drawn up in accordance with the provisions of the Delegated Regulation (EU) 2019/815 of the European Commission on regulatory technical standards relating to the specification of the Single Electronic Format (ESEF).

## ALTERNATIVE PERFORMANCE INDICATORS AND DEFINITIONS

The Management Report and the consolidated financial statements include economic and financial indicators used by Management to monitor the Group's economic and financial performance. These indicators are not defined or specified in the applicable financial reporting regulations. As the composition of these measures is not regulated by the reference accounting standards, the calculation criterion used by Management may not be consistent with the criterion used by other groups and may therefore not be comparable. The Alternative Performance Measures are constructed exclusively from the historical accounting data and are determined in accordance with the provisions of the Guidelines on Alternative Performance Measures issued by ESMA on October 5, 2015 (2015/1415) as per CONSOB Communication no. 92543 of December 3, 2015 and ESMA on 17 April 2020 are not audited "ESMA Guidelines on Alternative Performance Measures (APMs)".

The following Alternative Performance Measures are presented in this Management Report:

- Gross Operating Margin (EBITDA): It is the difference between "Revenues", "Total Costs" and "Payroll and related costs" and can be derived directly from the consolidated Income Statement. However, this measure is not defined in *IFRS* accounting standards; as a result, it may not be homogeneous and therefore not comparable with that of other groups.
- EBITDA margin: It is calculated as the ratio of EBITDA to "Revenues from sales and services".
- Operating result: It represents the "Operating result" that can be derived directly from the Consolidated income statement.
- Operating result margin: It is calculated as the ratio of the Operating result to "Revenues from sales and services".
- Investments: They represent the sum of the investments shown in the explanatory notes to the consolidated financial statements under "Tangible Fixed Assets" less "Other changes" of the item "Other assets under construction and advances".
- Net financial position (net financial indebtedness): It is determined, in accordance with ESMA Guideline 32-382-1138, as the sum of net current borrowing and non-current borrowing, both of which include financial payables arising from lease agreements in accordance with *IFRS 16*. "Net current borrowing" is the algebraic sum of cash and cash equivalents, current financial assets (such as securities held for trading) and current borrowing.

## GENERAL CONTEXT

The SOL Group is primarily engaged in production, applied research and distribution activities pertaining to industrial, pure and medicinal 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, in China, in Ecuador and in Peru. 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.

2023 was characterised by a global political and economic environment of considerable uncertainty following the continuation of the war in Ukraine and, since October, the outbreak of a new conflict in the Middle East.

This situation also had economic repercussions, leading to a slowdown in growth especially in Europe, where the rate of development was just above zero.

Central bank policies have also contributed to this, as they have continued to raise interest rates in an attempt to reduce inflation, resulting in a cooling of the economy in several countries.

It should be noted that in 2023, natural gas and energy prices decreased from the abnormal values reached in 2022. Inflation was on a downward trend compared with the previous year, although it was still high compared to the desired levels.

This situation will lead to a continuation of high interest rates also in 2024, with a gradual downward trend starting in the second half of the year.

With regard to the technical gas sector, the decrease in the cost of energy led to a gradual reduction in sales prices, partly offset by increases linked to the inflationary trend.

In terms of quantities sold, there was a slight decrease compared to 2022, especially in the second half of the year. Growth in the home care services sector also performed well as a result of the resumption of prescriptions for new patients.

With regard to 2024, economic growth is expected to be low in almost all Countries and inflation is expected to slow down, leading to an easing of restrictive monetary policies.

## SUMMARY RESULTS

Within the afore-mentioned context, we believe that the results achieved by the SOL Group during 2023 were very positive.

The net sales achieved by the SOL Group in 2023 were equal to Euro 1,487.1 million (+7.8% compared to those of 2022 and +5.3% on a like-for-like basis).

The gross operating margin was Euro 382.2 million, equating to 25.7% of sales, up by 16.4% when compared to 2022 (Euro 328.3 million, or 23.8% of sales).

The operating result came to Euro 227.1 million, equating to 15.3% of sales, up by 18.0 million compared to the figure for the same period of 2022 (Euro 192.5 million, or 14.0% of sales).

The net profit amounted to Euro 145.7 million, up 9.0% from 133.7 million euro in 2022.

The cash flow amounted to Euro 297.5 million (20.0% of sales), up by 11.6% compared to 2022 (equal to Euro 266.5 million).

The technical investments carried out in 2023 amounted to Euro 165.6 million (Euro 121.3 million in 2022).

The Group's net financial indebtedness was equal to Euro 415.8 million (Euro 389.7 million as at December 31, 2022).

The average number of employees as at December 31, 2023 amounted to 6,125 (5,374 as at December 31, 2022).

The application of IAS 29, Financial Reporting in Hyperinflationary Economies, had no material impact on the consolidated financial statements of the SOL Group.

## MANAGEMENT TREND

During 2023, the technical gas sector showed an increase in sales of 1.9% when compared with the previous year achieving a turnover from third-party customers equating to Euro 776.6 million.

The low growth is mainly due to lower sales prices as a result of the decrease in the cost of electricity, to which they are indexed.

The home-care business reported a growth by 15.2%, both in Italy and outside of Italy, with sales to third-party customers of Euro 710.5 million.

The sector is growing due to the recovery of new patient prescriptions.

Overall, in the healthcare sector, the Group's sales amounted to Euro 885 million, or 59.5% of total turnover.

The gross operating margin increased by Euro 53.9 million or 16.4% compared to 2022.

The operating result increased by Euro 34.7 million compared to 2022, up 18.0%.

The Group's net indebtedness increased by only Euro 26.1 million, compared to December 31, 2022, against technical and intangible investments and acquisitions of Euro 232.5 million made in 2023.

The debt ratios remain very solid, with a debt/equity ratio of 0.42 and a cash flow cover of 1.09.

During 2023, technical gas reserves remained within the safety levels.

In 2023, the SOL Group's work force increased by 621 people, from 5,751 to 6,372. 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 2023 with a price of Euro 17.88 and closed as at December 29, 2023 at Euro 27.80.

During the year, the stock achieved a maximum price of Euro 29.15, while the minimum came to Euro 17.52.

## QUALITY, SAFETY, HEALTH AND ENVIRONMENT

The focus on issues of quality, health, safety and environment was constantly active throughout 2023 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, ISO 45001, ISO 22000 - FSSC 22000, ISO 50001, ISO 27001, ISO 22301, ISO 17025 and ISO 17034 were not only renewed, but extended to new activities (ISO 9001) as well as operational sites of the Group. Outside Italy, for example, PALLMED, which operates in Poland in the field of HC activities, extended its ISO 9001 and ISO 27001 certification to all its sites in 2023.

With regard to the ISO 9001 certification for the technical gases area, we extended the scope to include 3 services, provided in the production/GMP area and to customer activities.

The certification status was also confirmed 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 2023, the accreditation according to ISO 17025 was confirmed for the analytical methods applied in the laboratory of SGPM, 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 2023, CRYOLAB became the first company in the Group to achieve ISO 21973 certification for the transport of cells for therapeutic use.

In 2023, SOL Branch Belgium Wanze again achieved ISCC Plus certification for environmental sustainability, the first company in the industry to do so for CO<sub>2</sub> production.

In the field of technical gases and biotechnology, ISO 9001 certification status of the individual sites stands at 43 sites in Italy and 55 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 28 (one of which belongs to the German company CT BIOCARBONIC), while in Italy, where the market requires this certification to a lesser extent in the area of food additive gases, the sites are 2.

The FSSC 22000 certified sites among those certified to ISO 22000 are 23 sites outside of Italy (one of which 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 10 sites in Italy and 21 sites outside of Italy.

The certification of the safety management system according to the ISO 45001 standard is applied in 41 sites in Italy and 18 sites outside of Italy.

The excellence certification status (ISO 9001, ISO 14001, ISO 45001) was confirmed, maintaining European EMAS Registration for the SOL GAS PRIMARI plants of Verona, Mantua and for the head office in Monza for SOL Spa activities.

As part of home care activities, the certification status (ISO 9001) of the Vivisol sites was 22 sites in Italy and was expanded to 65 sites outside of Italy.

The ISO 14001 environmental management system certification of VIVISOL Srl and 8 other sites outside Italy was also confirmed.

Certification of the safety management system according to the ISO 45001 standard, applied in 20 sites in Italy and 9 sites outside of Italy, was also confirmed.

The Sustainability Report will accompany the financial reporting this year as well, which was prepared in accordance with the requirements of Articles 3 and 4 of Italian Legislative Decree no. 254 of December 30, 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 2023, 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 2023 as well.

During 2023, DIATHEVA was authorised to produce experimental medicines prepared aseptically, and TGT (Bosnia) was authorised to produce medical oxygen.



At the end of 2023, the Group has:

- 145 Marketing Authorisations for medical gases filed in 25 countries (18 EU and 7 non-EU).
- 63 Pharmaceutical Workshops, of which 61 are gas production workshops, plus the SITEX workshop (production of Galenic drugs) and the DIATHEVA workshop (production of API from Biotechnology and sterile experimental drugs in small volume packaging).

There are 15 gas production workshops in the home care area (of which 5 in Italy), and 46 in the technical gas area (of which 17 in Italy).

In 2023, 16 GMP inspections of gas production workshops were carried out by the relevant national agencies. Medical regulatory activities focused on the national registration phases of VIVISOL'S icodextrin-based peritoneal dialysis solutions and related market access activities.

A major effort was also made to support the registration of the nitric oxide compound "Neophyr", owned by SOL Spa, in countries outside Europe.

The year 2023 saw a strong commitment of the Medical Device Regulatory Service in the follow-up of the evaluation to MDR of the 4 Gas Technical Files, of which SOL Spa is the manufacturer, as well as in the support of the registration of Nitric Oxide Dispensing Medical Devices (of which SOL Group Lab is the manufacturer) in non-European countries.

## SOL GROUP INVESTMENTS

During the 2023 financial year, technical investments and investments in intangible assets were made for Euro 90.7 million in the "technical gases" sector, of which Euro 30.5 million by the parent company SOL Spa, and Euro 92.1 million in the "home care" sector. The main investments made were as follows:

- in Burago, Italy, work on the construction of VIVISOL Srl's new logistics centre was completed;
- in Belgium, the extension of the VIVISOL B warehouse in Lessines was completed;
- in Burgbrohl, Germany, the carbon dioxide production plant of SOL KOHLENSÄURE WERK was modernised
- DOLBY MEDICAL'S new headquarters in Crawley, England, is up and running;
- the new medical oxygen branch was established in Kosovo;
- in Greece, work began on the new SOL HELLAS air fractionation plant in Thessaloniki;
- in Florina, Greece, work on upgrading TAE's carbon dioxide production plant of SOL HELLAS WAS COMPLETED;
- in India, work continued on the construction of a new air fractionation plant for the production of oxygen, nitrogen and argon in Ranipet (Tamil Nadu);
- the project to expand the capacity of BHORUKA GASES' ultra-pure gas plant in Indapur (India) is underway;
- the programme for the improvement and modernisation of primary production plants of technical gases continued. This activity concerned the units of Feluy, Augusta e Mantua, in particular;
- 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 and Padua in Italy and Thessaloniki in Greece.
- a number of on-site industrial and medical systems were built and launched in Italy as well as abroad (of particular note are the pure nitrogen gas plants in Italy and Greece) , 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 implement IT systems for both the technical gas and home-care sectors.

## MAJOR CORPORATE TRANSACTIONS

During 2023, several acquisitions were made, both in Italy and abroad. The most important ones are highlighted below:

- AIRSOL Srl acquired a majority stake in SWISSGAS DEL ECUADOR Sa, based in Guayaquil (Ecuador), and ICP - INDUSTRIAS CRIOGENICAS DEL PERU Sac, based in Lima (Peru), both of which operate in the technical gas sector.
- AIRSOL Srl purchased 100% of ANAPNOI IKE of Thessaloniki (Greece), a company active in the home-care sector.
- AIRSOL Srl acquired a 15% stake in SOMNOMEDICS GmbH (Germany), a global leader in the field of sleep diagnostics.
- AIRSOL Srl acquired a majority stake in WONSAK KOHLENSÄURE-SERVICE GmbH, based in Hamburg (Germany) and operating in the technical gas sector.
- VIVISOL DEUTSCHLAND GmbH acquired 100% of SOMNomedics PATIENTENBETREUUNG GmbH (Germany), operating in the home-care sector. Following the acquisition, this company was merged into VIVISOL DEUTSCHLAND GmbH.
- FRANCE OXYGENE Sarl acquired 100% of MIDIPERF SANTE FRANCE Sas, a home-care company based in Vendargues, France.
- PALLMED spzoo acquired 100% of MAGNUS OPIEKA DOMOWA spzoo in Chorzów (Poland), which operates in the home-care sector.

## 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, 2023, 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 2023 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, 2023.

## 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 consequences of the war in Ukraine and the crisis in the Middle East could cause a further 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 THE SUPPLY CHAIN

The Group is exposed to the risk of an unintentional and sudden interruption in the supply of a specific good, which may depend on factors exogenous or endogenous to the supplier with whom a supply contract exists. Therefore, if all or part of the supply under some of the existing production agreements were to cease for any reason, there can be no certainty as to the ability of the remaining producers to absorb the production quota of the defaulting or terminated producer, nor can there be any certainty as to the immediate availability of alternative producers in the market.

To minimise this risk, the Group diversifies its sources of supply where possible and subjects all its suppliers to an assessment of their economic and financial soundness, as well as their ethical and reputational compliance, which is updated regularly in order to avoid relationships with unsuitable parties and to parameterise its exposure to selected suppliers in terms of the risk of insolvency.

### 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, will 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 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 and commodity cost 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, China, Ecuador and Peru. 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 13 million. To hedge the exchange rate risk, two Cross Currency Swaps (CCS) 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, 2023 was positive in the amount of Euro 1,491 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* was applied to the financial statements of Turkish companies as from 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.

The Parent Company has stipulated Interest Rate Swap agreements linked to floating rate medium-term loans with the aim of ensuring itself a fixed rate on said loans. The nominal value as at December 31, 2023 is equal to Euro 104,882 thousand and the positive fair value is equal to Euro 5,901 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 2023, the previous assessments of the significance of climate change-related risks, both physical and transitional, and their economic/financial implications were confirmed.

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 Directors consider 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 thorough analysis of the related risk.

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 AND IN THE MIDDLE EAST

The risks to which the SOL Group is exposed in connection with the war between Russia and Ukraine that broke out in February 2022 and the war in the Middle East in October 2023 are essentially indirect, in that there are no activities carried out directly by subsidiaries in the two areas involved.

In fact, the likely negative effects caused by the current conflicts on the economic growth of European countries could lead to a lower rate of development of the sales of the SOL Group.

Moreover, the wars are contributing to difficulties in maritime transport and keeping the high volatility of the cost of energy products, which is reflected in the cost of purchasing electricity and fuel; this could mean the risk of not being able to fully transfer cost increases 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 wars 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 can be 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.

At the beginning of 2024, a notice of conclusion of the investigation was served pursuant to Article 415 of the Code of Criminal Procedure. There is currently no further news.

As stated in the press releases immediately issued by the Company, Vivisol reiterates that it is not involved in this matter.

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.

As a result, the Public Prosecutor requested that all the subjects be committed for trial. Together with its lawyers, the company evaluated the possibility of requesting a plea bargaining, which was accepted by the Judge in March 2024, with only the fine of Euro 120,000 being imposed.

## 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 END OF THE 2023 REPORTING PERIOD AND BUSINESS OUTLOOK.

There are no subsequent events to report.

The ongoing war in Ukraine and the crisis in the Middle East are 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.

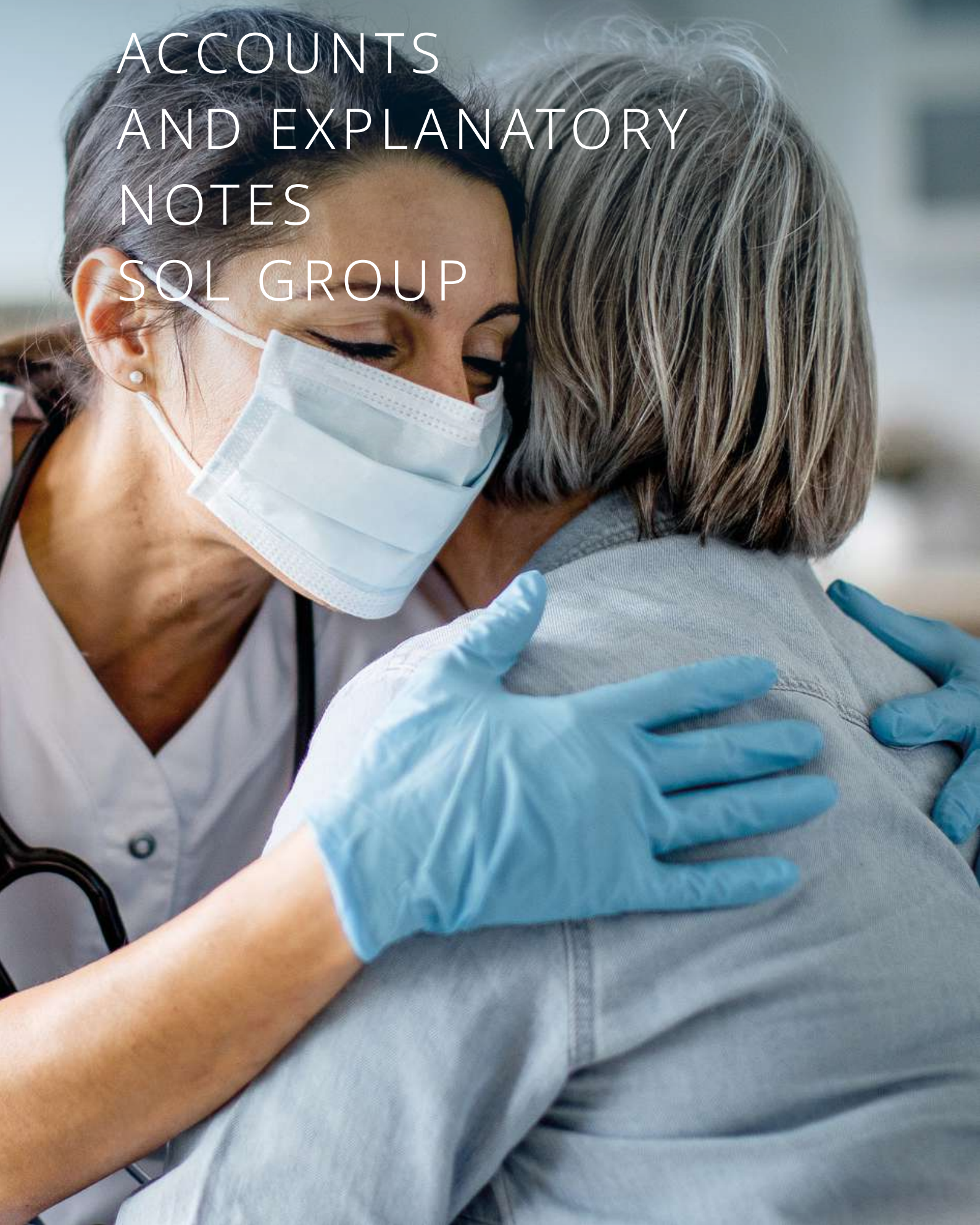
Monza, March 27, 2024

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





OUTLINE  
ACCOUNTS  
AND EXPLANATORY  
NOTES  
SOL GROUP



## SOL GROUP CONSOLIDATED INCOME STATEMENT

(amounts in thousands of Euro)

	Notes	12.31.2023	%	12.31.2022	%
Revenues from sales and services	1	1,487,136	100.0%	1,379,187	100.0%
Other revenues and income	2	42,433	2.9%	83,904	6.1%
<b>Revenues</b>		<b>1,529,569</b>	<b>102.9%</b>	<b>1,463,091</b>	<b>106.1%</b>
Purchase of materials		418,994	28.2%	493,932	35.8%
Services rendered		406,651	27.3%	366,030	26.5%
Change in inventories		(14,720)	-1.0%	(13,232)	-1.0%
Other costs		34,724	2.3%	28,446	2.1%
<b>Total costs</b>	3	<b>845,650</b>	<b>56.9%</b>	<b>875,176</b>	<b>63.5%</b>
<b>Added value</b>		<b>683,920</b>	<b>46.0%</b>	<b>587,915</b>	<b>42.6%</b>
Payroll and related costs	4	301,759	20.3%	259,657	18.8%
<b>Gross operating margin</b>		<b>382,161</b>	<b>25.7%</b>	<b>328,259</b>	<b>23.8%</b>
Depreciation/amortisation	5	144,765	9.7%	128,950	9.3%
Provisions and write-downs	5	10,271	0.7%	6,847	0.5%
<b>Operating result</b>		<b>227,125</b>	<b>15.3%</b>	<b>192,462</b>	<b>14.0%</b>
Financial income		5,195	0.3%	2,930	0.2%
Financial expense		(22,320)	-1.5%	(15,891)	-1.2%
Results from equity investments		608	0.0%	368	0.0%
<b>Total financial income/(expense)</b>	6	<b>(16,517)</b>	<b>-1.1%</b>	<b>(12,593)</b>	<b>-0.9%</b>
<b>Profit (Loss) before income taxes</b>		<b>210,609</b>	<b>14.2%</b>	<b>179,869</b>	<b>13.0%</b>
Income taxes	7	57,905	3.9%	42,294	3.1%
<b>Net result from business activities</b>		<b>152,704</b>	<b>10.3%</b>	<b>137,574</b>	<b>10.0%</b>
Net result from discontinued operations		-	-	-	-
(Profit)/Loss pertaining to minority interests		(6,972)	-0.5%	(3,882)	-0.3%
<b>Net Profit/(Loss)</b>		<b>145,733</b>	<b>9.8%</b>	<b>133,693</b>	<b>9.7%</b>
<b>Earnings per share</b>		<b>1.607</b>	-	<b>1.474</b>	-

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME SOL GROUP

(amounts in thousands of Euro)

	12.31.2023	12.31.2022
<b>Profit/(Loss) for the year (A)</b>	<b>152,704</b>	<b>137,574</b>
<b>Components that will never be reclassified to the Income Statement</b>		
Actuarial gains/(losses)	(776)	3,111
Tax effect	180	(762)
<b>Total components that will never be reclassified to the Income Statement (B1)</b>	<b>(596)</b>	<b>2,349</b>
<b>Components that may be reclassified to the Income Statement</b>		
Profits/(losses) on cash flow hedging instruments	(5,603)	11,717
Profits/(losses) deriving from conversion of financial statements of foreign companies	(756)	(3,181)
Tax effect related to other profits (losses)	1,345	(2,803)
<b>Total components that may be reclassified to the Income Statement (B2)</b>	<b>(5,014)</b>	<b>5,733</b>
<b>Total other profits/(losses) net of the tax effect (B1) + (B2) = (B)</b>	<b>(5,610)</b>	<b>8,082</b>
<b>Overall result for the period (A+B)</b>	<b>147,094</b>	<b>145,656</b>
Attributable to:		
- shareholders of the parent company	141,037	142,036
- minority interest	6,057	3,620

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION SOL GROUP

(amounts in thousands of Euro)

	Notes	12.31.2023	12.31.2022
Tangible fixed assets	8	754,571	694,164
Goodwill	9	245,628	216,811
Other intangible fixed assets	10	42,009	26,550
Equity investments	11	26,926	13,082
Other financial assets	12	17,969	22,015
Deferred tax assets	13	19,211	18,557
<b>Non-current assets</b>		<b>1,106,314</b>	991,179
<b>Non-current assets held for sale</b>			
Inventories	14	100,804	84,144
Trade receivables	15	448,454	431,054
Other current assets	16	61,418	64,377
Current financial assets	17	18,050	13,187
Cash and cash equivalents	18	205,627	134,642
<b>Current assets</b>		<b>834,353</b>	727,403
<b>TOTAL ASSETS</b>		<b>1,940,667</b>	1,718,583
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		660,599	565,261
Retained earnings (accumulated loss)		1,321	704
Net Profit		145,732	133,693
<b>Shareholders' equity - Group</b>		<b>928,611</b>	820,615
Shareholders' equity - Minority interests		39,543	38,134
Profit pertaining to minority interests		6,972	3,882
<b>Shareholders' equity - Minority interests</b>		<b>46,515</b>	42,015
<b>Shareholders' equity</b>	19	<b>975,126</b>	862,630
Employee severance indemnities and benefits	20	16,917	15,143
Provision for deferred taxes	21	15,104	12,163
Provisions for risks and charges	22	3,847	3,309
Payables and other financial liabilities	23	550,215	454,496
<b>Non-current liabilities</b>		<b>586,083</b>	485,111
<b>Non-current liabilities held for sale</b>			
Amounts due to banks		3,190	6,860
Trade accounts payable		168,367	175,114
Other financial liabilities		89,031	84,814
Tax payables		35,452	32,552
Other current liabilities		83,418	71,502
<b>Current liabilities</b>	24	<b>379,459</b>	370,842
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,940,667</b>	1,718,583



# CONSOLIDATED CASH FLOW STATEMENT SOL GROUP

(amounts in thousands of Euro)

	Notes	12.31.2023	12.31.2022
<b>CASH FLOW GENERATED BY OPERATING ACTIVITIES</b>			
<b>Profit for the year</b>		<b>145,733</b>	133,693
<b>Minority interests in profit/loss</b>		<b>6,972</b>	3,882
<b>Adjustments to items not affecting liquidity</b>			
Depreciation/amortisation	5	144,765	128,950
Results from equity investments	6	(608)	(368)
Interest on loans and on bonds	6	13,785	8,192
Employee severance indemnities and benefits accrued	4	2,276	1,702
Provisions for risks and charges	22	733	975
Taxes for the period	8	57,905	42,294
<b>Cash flow before changes in nwc</b>		<b>371,561</b>	319,320
<b>Changes in current assets and liabilities</b>			
Inventories	14	(13,977)	(13,758)
Trade receivables	15	(8,111)	(80,521)
Other assets	14 - 16	(5,244)	(28,364)
Suppliers	24	(13,917)	20,367
Other liabilities		2,679	13,324
Tax payables		(15,205)	4,466
<b>Total changes in current assets and liabilities</b>		<b>(53,775)</b>	(84,486)
Other adjustments for non-monetary items		(10,319)	4,233
Taxes paid		(37,407)	(28,664)
<b>Cash flow generated by operating activities</b>		<b>270,060</b>	210,403
<b>CASH FLOWS GENERATED BY INVESTMENT ACTIVITIES</b>			
Acquisition of tangible fixed assets	8	(164,383)	(121,329)
Changes in right of use and other changes in tangible fixed assets	8	(15,201)	(30,020)
Increases in intangible assets		(25,371)	(9,829)
(Increase) decrease in non-current financial assets	13	4,769	(11,177)
(Increase) decrease of equity investments and business units		(46,509)	(75,426)
<b>Total</b>		<b>(246,695)</b>	(247,781)
<b>CASH FLOWS GENERATED BY FINANCING ACTIVITIES</b>			
Repayment of loans		(56,251)	(49,559)
Raising of new loans		157,783	32,758
Redemption of bonds		(11,929)	(12,039)
Undertaking bonds		-	75,000
Change in leases		8,045	16,181
Raising (repayment) of shareholders' loans		30	-
Dividends paid	20	(33,548)	(24,259)
Interest on loans and on bonds paid		(11,709)	(7,737)
<b>Total</b>		<b>52,421</b>	30,345
Effect of exchange rate fluctuations	20	(1,131)	(3,183)
<b>INCREASE (DECREASE) IN CASH IN HAND AND AT BANK</b>		<b>74,655</b>	(10,216)
<b>CASH IN HAND AND AT BANK AT BEGINNING OF YEAR</b>	19	<b>127,782</b>	137,998
<b>CASH IN HAND AND AT BANK AT END OF YEAR</b>	19	<b>202,437</b>	127,782

Flows are shown net of the effect of acquisitions on the Group's assets and liabilities, as indicated in Chapter 9 - Goodwill.

## 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 01.01.2022	47,164	63,335	10,459	487,750	89,549	698,257	23,194	721,451
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
<b>Balance as at 12.31.2022</b>	<b>47,164</b>	<b>63,335</b>	<b>10,459</b>	<b>565,964</b>	<b>133,693</b>	<b>820,615</b>	<b>42,015</b>	<b>862,630</b>
Allocation of 2022 profit	-	-	-	103,761	103,761	-	-	-
Dividend distribution	-	-	-	-	(29,931)	(29,931)	(3,617)	(33,548)
Other consolidation changes	-	-	-	(3,110)	-	(3,110)	2,060	(1,050)
Profit (loss) for the financial year	-	-	-	(4,695)	145,733	141,037	6,057	147,094
<b>Balance as at 12.31.2023</b>	<b>47,164</b>	<b>63,335</b>	<b>10,459</b>	<b>661,920</b>	<b>145,733</b>	<b>928,611</b>	<b>46,515</b>	<b>975,126</b>

## NOTES TO THE FINANCIAL STATEMENTS

The 2023 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, 2023 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 August 18, 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 Srl - Monza	EUR	7,750,000	100.00%		100.00%
ALLERSHAUSEN CARE GmbH - Neufahrn bei Freising	EUR	25,000		100.00%	100.00%
ANAPNOI MONOPROSOPI IKE - Thessaloniki	EUR	850,000		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 - São Paulo	BRL	15,000,000		55.50%	55.50%
CTS Srl - Monza	EUR	156,000	100.00%		100.00%
CENTRO ORTOPEDICO FERRANTI - GRUPPO VIVITOP Srl - Palermo	EUR	132,000		65.00%	65.00%
CRYOLAB Srl - Rome	EUR	509,021	85.00%		85.00%
CRYOS Srl - Peveragno	EUR	40,000		85.00%	85.00%
DIATHEVA Srl - Cartoceto	EUR	260,000	91.68%		91.68%
DIRECT MEDICAL Ltd Company - Athlone	EUR	100		100.00%	100.00%
DN GLOBAL HOMECARE Ltda - Salvador	BRL	1,968,130		50.88%	50.88%
DOLBY HEALTCARE 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 ASISTENCIA DOMICILIAR Ltda - São Paulo	BRL	10,736,528		92.50%	92.50%
GREEN ASU PLANT PRIVATE Ltd - Bangalore	2 INR	10,000,000	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		50.01%	50.01%
INDUSTRIAS CRIOGENICA DEL PERU Sac - Lima	PEN	1,610,000		50.01%	50.01%
INTENSIVPFLEGEDIENST KOMPASS GmbH - Munich	EUR	25,000		100.00%	100.00%
IRISH OXYGEN COMPANY Ltd - Cork	EUR	697,802		50.01%	50.01%
ITOP ORTOPEDIE ASSOCIATE Srl - Rome	EUR	10,400		51.00%	51.00%
ITOP SERVIZI Srl - Rome	EUR	10,000		51.00%	51.00%
ITOP Spa OFFICINE ORTOPEDICHE - Rome	EUR	400,000		51.00%	51.00%
JML SERVICOS HOSPITALARES LTDA - São Paulo	BRL	19,597,590		55.50%	55.50%
KSD KOHLENSÄURE-DIENST GmbH - Bretzfeld	EUR	30,000		100.00%	100.00%
MAGNUS OPIEKA DOMOWA spzoo - Chorzów	PLN	2,000,000		100.00%	100.00%
MBAR ASSISTANCE RESPIRATOIRE Sas - Ballan Mire	EUR	7,622		100.00%	100.00%
MEDES Srl - Giussago	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%
MIDIPERF SANTE FRANCE IdF - La Celle Saint Cloud	EUR	1,000		100.00%	100.00%
MIDIPERF SANTE FRANCE Lr - Vendargues	EUR	20,000		100.00%	100.00%
MIDIPERF SANTE FRANCE Sas - Vendargues	EUR	899,000		100.00%	100.00%
ORTHOHUB Srl - Rome	EUR	10,000		51.00%	51.00%
P PAR PARTECIPAÇÕES Ltda - São Paulo	BRL	31,233,045		92.50%	92.50%
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 - Portllington	EUR	3,672		61.00%	61.00%
PORTARE DISTRIBUIDORA DE PRODUTOS E SERVIÇOS MÉDICO-HOSPITALAR Ltda - São Paulo	BRL	2,000,000		92.50%	92.50%
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	51,554,979		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 - Sisak	EUR	4,084,053	100.00%		100.00%
SOL DEUTSCHLAND GmbH - Krefeld	EUR	7,000,000		100.00%	100.00%



**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 FRANCE Sas - Eragny	EUR	13,000,000		100.00%	100.00%
SOL GAS PRIMARI Srl - Monza	EUR	500,000	100.00%		100.00%
SOL GROUP LAB Srl - Costabissara	EUR	100,000	100.00%		100.00%
SOL HELLAS Sa - Maroussi	EUR	8,426,061		99.76%	99.76%
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	100.00%		100.00%
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	47,874,000		100.00%	100.00%
SOL-K ShpK - Gracanica	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 Ag - Basel	CHF	100,000		100.00%	100.00%
STERIMED Srl - Surbo	EUR	100,000		100.00%	100.00%
SWISSGAS DEL ECUADOR Sa - Guayaquil	USD	13,200,000		50.01%	50.01%
TPJ doo - Jesenice	EUR	2,643,487	64.11%	35.89%	100.00%
TESI Srl TECNOLOGIA & SICUREZZA - Milan	EUR	14,489	89.63%		89.63%
TGP Ad - Petrovo	BAM	1,177,999	61.45%	26.04%	87.49%
TGS doo - Skopje	MKD	419,220,422	100.00%		100.00%
TGT Ad - Trn	BAM	970,081	75.18%		75.18%
UTP doo - Pula	EUR	2,328,462		100.00%	100.00%
UNIT CARE SERVIÇOS MEDICOS Ltda - São Paulo	BRL	2,084,000		94.75%	94.75%
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 Srl - Lessines	EUR	162,500	0.08%	99.92%	100.00%
VIVISOL BRASIL Ltda - São Paulo	BRL	12,159,000		100.00%	100.00%
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 - Wien	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 UNIPessoal Lda - Condeixa-a-Nova	EUR	100,000		100.00%	100.00%
VIVISOL SILARUS Srl - Battipaglia	EUR	18,200		57.00%	57.00%
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%
WONSAK KOHLENSÄURE-SERVICE GmbH - Hamburg	EUR	25,000		55.00%	55.00%

1) The Group's share as at December 31, 2023 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, 2023 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 SI - Barcelona	EUR	12,020	100.00%
SOMNOMEDICS GmbH - Randersacker	EUR	30,000	15.00%
ZDS JESENICE doo - Jesenice	EUR	10,000	75.00%

The companies FLOSIT PHARMA Sa and GTE SI 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 company SOMNOMEDICS GmbH has not been consolidated since it is a non-controlling interest.

The company 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%
NIPPON SANSO SHENWEI GASES Co. Ltd - Shanghai	CNY	18,224,460	32.00%
OXY TECHNICAL GASES doo - Karlovac	EUR	20,000,000	40.00%
SHANGHAI JIAWEI MEDICAL GAS Co. Ltd - Shanghai	CNY	1,000,000	30.00%
SHANGHAI SHENWEI GAS FILLING Co. Ltd - Shanghai	CNY	1,000,000	37.00%

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, 2023 and December 31, 2022 underwent the following changes:

- with the inclusion of SWISSGAS DEL ECUADOR Sa acquired in March 2023,
- with the inclusion of INDUSTRIAS CRIOGENICA DEL PERU Sac acquired in June 2023,
- with the inclusion of CENTRO ORTOPEDICO FERRANTI - GRUPPO VIVITOP Srl acquired in June 2023,
- with the inclusion of ANAPNOI MONOPROSOPI IKE acquired in July 2023,
- with the inclusion of the WONSAK KOHLENSÄURE-SERVICE GmbH acquired in September 2023,
- with the inclusion of MIDIPERF SANTE FRANCE Sas and of its subsidiaries MIDIPERF SANTE FRANCE LR and MIDIPERF SANTE FRANCE IDF acquired in October 2023,
- with the inclusion of MAGNUS OPIEKA DOMOWA spzoo acquired in December 2023,
- with the increase in the shareholdings in BLA SERVIÇOS HOSPITALARES Ltda from 51 % to 55.50%,
- with the increase in the shareholdings in CRYOS Srl from 70% to 85%,
- with the increase in the shareholdings in DN GLOBAL HOMECARE Ltda from 46.75 % to 50.88%,
- with the increase in the shareholdings in GLOBAL CARE ASSISTENCIA DOMICILIAR Ltda from 85% to 92.50%,
- with the increase in the shareholdings in JML SERVIÇOS HOSPITALARES Ltda from 51% to 55.50%,
- with the increase in the shareholdings in PORTARE Ltda from 85 % to 92.50%,
- with the increase in the shareholdings in P PAR PARTECIPAÇÕES Ltda from 85% to 92.50%,
- with the increase in the shareholdings in SOL HELLAS Sa from 99.72 % to 99.76%,
- with the increase in the shareholdings in SOL INDIA PRIVATE Ltd from 86.37% to 100%,
- with the increase in the shareholdings in TGP Ad from 87.42 % to 87.49%,
- with the increase in the shareholdings in UNIT CARE Ltda from 89.50% to 94.75%,
- with the increase in the shareholdings in VIVISOL BRASIL Ltda from 94 % to 100%,
- with the decrease in the shareholdings in VIVISOL HELLAS Sa from 99.89 % to 99.88%,

- with the exclusion of SOL HELLAS Sa, merged into TAE HELLAS (which then changed its name to SOL HELLAS Sa) on January 30, 2023,
- with the exclusion of ITOP SICILIA Srl merged into the Company CENTRO ORTOPEDICO FERRANTI - GRUPPO VIVITOP Srl on 7 September 2023.

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
- WONSAK KOHLENSÄURE-Service GmbH

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 intra-group 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 intra-group 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 12.31.2023		Average exchange rate 2023		Exchange rate on 12.31.2022		Average exchange rate 2022	
Czech Koruna	Euro	0.04045	Euro	0.04166	Euro	0.04147	Euro	0.04071
Macedonian dinar	Euro	0.01629	Euro	0.01624	Euro	0.01624	Euro	0.01623
Serbian dinar	Euro	0.00855	Euro	0.00853	Euro	0.00852	Euro	0.00852
Moroccan dirham	Euro	0.09151	Euro	0.09127	Euro	0.08962	Euro	0.09365
US Dollar	Euro	0.90498	Euro	0.92481	Euro	-	Euro	-
Hungarian forint	Euro	0.00261	Euro	0.00262	Euro	0.00249	Euro	0.00256
Swiss franc	Euro	1.07991	Euro	1.02902	Euro	1.01554	Euro	0.99532
Albanian lek	Euro	0.00963	Euro	0.00919	Euro	0.00874	Euro	0.00841
Bulgarian lev	Euro	0.51130	Euro	0.51130	Euro	0.51130	Euro	0.51130
Turkish Lira	Euro	0.03062	Euro	0.03062	Euro	0.05009	Euro	0.05009
Convertible mark	Euro	0.51129	Euro	0.51129	Euro	0.51129	Euro	0.51129
Nuevo Sol	Euro	0.24499	Euro	0.24708	Euro	-	Euro	-
New Romanian leu	Euro	0.20098	Euro	0.20215	Euro	0.20204	Euro	0.20279
Brazilian real	Euro	0.18650	Euro	0.18515	Euro	0.17735	Euro	0.18383
Indian rupee	Euro	0.01088	Euro	0.01120	Euro	0.01134	Euro	0.01209
British pound	Euro	1.15068	Euro	1.14970	Euro	1.12748	Euro	1.17266
Yuan Renminbi	Euro	0.12737	Euro	0.13055	Euro	0.13590	Euro	0.14127
Polish Zloty	Euro	0.23044	Euro	0.22017	Euro	0.21364	Euro	0.21340

### 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 leasing 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:

<b>Land</b>	-	
<b>Buildings</b>	2%	- 10%
<b>Plant and machinery</b>	7.5%	- 20%
<b>Industrial and commercial equipment</b>	5.5%	- 25%
<b>Other assets</b>	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:

- the 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

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 valued 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 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 2023.

## 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 23 "Payables and other financial liabilities".

## 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.

## FOREIGN CURRENCY TRANSACTIONS

The original cost of shares 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.

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 7 April 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 PERSONAL GENOMICS Srl.

With reference to the possible impact of European Directive No. 2523/2022 on the consolidated financial statements of the SOL Group, in compliance with the provisions of Regulation (EU) no. 2468 of 8 November 2023, which inserted paragraph 88D into IAS 12, it is pointed out, as an indication, that the possible impact is currently difficult to estimate in quantitative terms, while it is at least possible to assume process effects, in particular with regard to the need to identify jurisdictions at risk that may be required to carry out the calculation of effective taxation from 2024.

To this end, SOL Spa has undertaken a preliminary mapping focusing on the applicability of the Transitional Safe Harbour Rules based on the 2022 Country-by-country reporting data. This analysis, although still in its embryonic stage and subject to further in-depth analysis, including on the basis of the ongoing clarifications provided by the OECD, has made it possible to highlight very low data exposure profiles, given that the Group is almost exclusively present in countries where the tax risk is low and the effective taxation on a simplified basis in 2022 was well above what is required by the Directive.

Only Bosnia, Ireland, Slovenia, Macedonia and Switzerland could be critical: these jurisdictions could be required to perform the calculations to determine a potential Top-Up Tax as early as 2024, with an impact on the consolidated financial statements that is not considered material in absolute terms, rather than as early as 2027 as envisaged for jurisdictions considered low risk under the Transitional Safe Harbour.

## 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, impairment tests, employee benefits, taxation, provisions for risks, determining the lease term. The estimates and assumptions are periodically reviewed and the effects of each change are immediately reflected in the income statement.

## RIGHTS OF USE

The 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, 2023

The Group applied the following accounting standards, amendments and interpretations of the *IFRS* for the first time as from January 1, 2023.

- 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 at the date of initial recognition, such as leases and decommissioning obligations. The amendments were applied beginning on or after January 1, 2023. The adoption of this amendment had no impact on the consolidated financial statements of the Group.
- 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 to *IAS 1* require an entity to disclose relevant information about the accounting standards applied by the Group. 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 were applied beginning on or after January 1, 2023. The adoption of these amendments had no impact on the consolidated financial statements of the Group.
- On May 23, 2023, the *IASB* published an amendment called *Amendments to IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules*. The document introduces a temporary exception from recognition and disclosure requirements for deferred tax assets and liabilities related to Pillar Two Model Rules (which are effective in Italy as of December 31, 2023, but applicable as of January 1, 2024) and provides for specific disclosure requirements for entities affected by the related International Tax Reform.

The document provides for the immediate application of the temporary exception, while the disclosure requirements only apply to annual financial statements beginning on or after January 1, 2023, but not to interim financial statements ending before December 31, 2023.

For the expected impact of the application of Pillar 2, please refer to the paragraph on taxes.

### IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE EUROPEAN UNION AS AT DECEMBER 31, 2023, NOT YET MANDATORY AND NOT ADOPTED IN ADVANCE BY THE GROUP AS AT DECEMBER 31, 2023

The following IFRS accounting standards, amendments and interpretations were approved by the European Union but are not yet mandatory and were not adopted in advance by the Group as at December 31, 2023:

- 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 these changes is to clarify how to classify debts and other short or long term liabilities. The amendments also improve the information that an entity discloses when its right to defer settlement of a liability for at least twelve months is conditional on certain parameters being met (*i.e. covenants*). 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 & 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.

### 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 May 25, 2023, the IASB published an amendment called *Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements*. The document requires an entity to provide additional disclosures about reverse factoring arrangements that enable users of financial statements to evaluate how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk. 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 August 15, 2023, the IASB published an amendment called *Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*. The document requires an entity to apply a consistent method for checking whether one currency can be converted into another and, if not, how to determine the exchange rate to be used and the disclosures to be made in the notes to the financial statements. The amendment will be effective beginning on January 1, 2025, 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 Group 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 consequences of the war in Ukraine and the crisis in the Middle East could cause a further 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, will 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 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 and commodity cost 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, China, Ecuador and Peru. 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 13 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, 2023 was positive in the amount of Euro 1,491 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 was applied to the financial statements of Turkish companies as from 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.

The Parent Company has stipulated Interest Rate Swap agreements linked to floating rate medium-term loans with the aim of ensuring itself a fixed rate on said loans. The nominal value as at December 31, 2023 is equal to Euro 104,882 thousand and the positive fair value is equal to Euro 5,901 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 2023, the previous assessments of the significance of climate change-related risks, both physical and transitional, and their economic/financial implications were confirmed.

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 Directors consider 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 thorough analysis of the related risk.

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. Revenues from sales and services

Balance as at 12.31.2023	1,487,136
Balance as at 12.31.2022	1,379,187
<b>Change</b>	<b>107,950</b>

Revenues by type of business break down as follows:

Description	12.31.2023	12.31.2022	Change
Technical gases	776,635	762,439	14,196
Home-care	710,502	616,748	93,754
<b>Total</b>	<b>1,487,136</b>	1,379,187	107,950

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, 2023 amounted to Euro 1,487.1 million (up by 7.8% compared to the previous year, at Euro 1,379.2 million).

In particular, during 2023, the home-care business showed an 15.2% growth in sales (up by Euro 93.8 million) compared to the same period last year.

The technical gases sector experienced a 1.9% increase in revenues (up by Euro 14.2 million) over December 31, 2022.

The effect of applying IAS 29 "Financial Reporting in Hyperinflationary Economies" to companies in Turkey led to an increase in revenue of Euro 2.9 million.

#### 2. Other revenues and income

Balance as at 12.31.2023	42,433
Balance as at 12.31.2022	83,904
<b>Change</b>	<b>(41,471)</b>

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

Description	12.31.2023	12.31.2022	Change
Capital gains on disposal	1,679	1,254	425
Extraordinary income	21,067	35,212	(14,145)
Grants received	2,197	1,370	827
Real estate rentals	477	384	93
Royalties income	-	4	(4)
Other	17,013	45,681	(28,669)
<b>Total</b>	<b>42,433</b>	83,904	(41,471)

The decrease in contingent assets is mainly due to the reduction in tax credits granted to energy-intensive companies in some countries, while the decrease in other revenues is explained by the decrease in electricity interconnector sales.

### 3. Total costs

Balance as at 12.31.2023	845,650
Balance as at 12.31.2022	875,176
<b>Change</b>	<b>(29,526)</b>

The breakdown of the item is as follows:

Description	12.31.2023	12.31.2022	Change
Purchase of materials	418,994	493,932	(74,938)
Services rendered	406,651	366,030	40,621
Change in inventories	(14,720)	(13,232)	(1,488)
Other costs	34,724	28,446	6,278
<b>Total</b>	<b>845,650</b>	<b>875,176</b>	<b>(29,526)</b>

The item "Purchase of materials" includes purchases of gas and materials, electricity, water, diesel and methane for production. It should be noted that the decrease compared to the previous year is mainly due to the reduction in the cost of electricity.

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.

### 4. Payroll and related costs

Balance as at 12.31.2023	301,759
Balance as at 12.31.2022	259,657
<b>Change</b>	<b>42,102</b>

The breakdown of the item is as follows:

Description	12.31.2023	12.31.2022	Change
Wages and salaries	237,384	202,957	34,427
Social security charges	61,453	54,598	6,856
Employee severance indemnities	2,922	2,102	820
<b>Total</b>	<b>301,759</b>	<b>259,657</b>	<b>42,102</b>

The composition of the workforce is analysed below by category:

Description	12.31.2023	12.31.2022	Change
Managers	146	138	8
Clerks	4,682	4,204	478
Factory workers	1,544	1,409	135
<b>Total</b>	<b>6,372</b>	<b>5,751</b>	<b>621</b>



## 5. Amortisation/depreciations, provisions and write-downs

Balance as at 12.31.2023	155,035
Balance as at 12.31.2022	135,797
<b>Change</b>	<b>19,238</b>

The breakdown of the item is as follows:

Description	12.31.2023	12.31.2022	Change
Depreciation/amortisation	144,765	128,950	15,815
Provisions and write-downs	10,271	6,847	3,424
<b>Total</b>	<b>155,035</b>	135,797	19,238

The breakdown of the item "Depreciation/amortisation" of intangible and tangible fixed assets by asset category is presented below:

### Depreciation of tangible fixed assets and rights of use

Description	12.31.2023	12.31.2022	Change
Land	427	339	88
Buildings	17,320	15,138	2,182
Plant and machinery	23,143	19,206	3,937
Industrial and commercial equipment	78,047	72,597	5,450
Other assets	17,478	15,016	2,462
<b>Total</b>	<b>136,415</b>	122,296	14,119

### Depreciation of tangible fixed assets

Description	12.31.2023	12.31.2022	Change
Buildings	5,906	5,617	289
Plant and machinery	23,104	19,175	3,929
Industrial and commercial equipment	77,934	72,488	5,447
Other assets	8,311	6,789	1,522
<b>Total</b>	<b>115,255</b>	104,068	11,187

The increase in depreciation is linked to investments made during the period, amounting to Euro 165.6 million.

### Right-of-use depreciation

Description	12.31.2023	12.31.2022	Change
Land	427	339	88
Buildings	11,414	9,521	1,893
Plant and machinery	39	32	7
Industrial and commercial equipment	112	109	3
Other assets	9,167	8,227	940
<b>Total</b>	<b>21,159</b>	18,228	2,931

### Amortisation of other intangible fixed assets

Description	12.31.2023	12.31.2022	Change
Development costs	267	216	51
Patents and rights to use patents of others	158	198	(40)
Concessions, licences and trademarks	6,877	5,975	902
Other	1,048	265	783
<b>Total</b>	<b>8,350</b>	6,654	1,696

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

Description	12.31.2023	12.31.2022	Change
Provisions for bad debts	7,081	5,252	1,829
Provisions for risks	733	975	(242)
Write-downs of goodwill and consolidation differences	1,259	104	1,155
Write-downs of intangible fixed assets		9	(9)
Write-downs of tangible fixed assets and ROU	1,197	507	690
<b>Total</b>	<b>10,271</b>	<b>6,847</b>	<b>3,424</b>

## 6. Financial income / (expenses)

Balance as at 12.31.2023	(16,517)
Balance as at 12.31.2022	(12,593)
<b>Change</b>	<b>(3,924)</b>

The breakdown of the item is as follows:

Description	12.31.2023	12.31.2022	Change
Financial income	5,195	2,930	2,266
Financial expense	(22,320)	(15,891)	(6,429)
Results from equity investments	608	368	240
<b>Total</b>	<b>(16,517)</b>	<b>(12,593)</b>	<b>(3,924)</b>

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

Description	12.31.2023	12.31.2022	Change
From long-term receivables	45	48	(3)
Interest on investment securities	36	39	(3)
Interests on securities not held as fixed assets	67	80	(13)
Interest on banks and postal accounts	1,035	108	927
Interest from customers	758	450	308
Exchange rate gains	2,371	1,478	894
Other financial income	883	726	157
<b>Total</b>	<b>5,195</b>	<b>2,930</b>	<b>2,266</b>

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

Description	12.31.2023	12.31.2022	Change
Interest payable to banks	(167)	(118)	(49)
Supplier interest	(13)	(4)	(9)
Interest payable on loans	(10,412)	(4,794)	(5,618)
Interest on bonds	(3,373)	(3,398)	24
Exchange rate losses	(2,858)	(2,599)	(259)
Other financial expense	(5,496)	(4,978)	(518)
<b>Total</b>	<b>(22,320)</b>	<b>(15,891)</b>	<b>(6,429)</b>

"Other financial expenses" include Euro 2.7 million related to lease contracts and Euro 1.7 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	12.31.2023	12.31.2022	Change
Revaluations of equity investments	731	464	267
Write-downs of equity investments	(123)	(96)	(27)
<b>Total</b>	<b>608</b>	368	240

The item "Revaluations of equity investments" refers to the measurement at equity of the jointly controlled companies CT BIOCARBONIC GmbH (Euro 514 thousand) and the associated companies SHANGHAI JIAWEI MEDICAL GAS Co. Ltd (Euro 187 thousand) and SHANGHAI SHENWEI GAS FILLING Co. Ltd (Euro 31 thousand). The item "Write-downs of equity investments" refers to the measurement at equity of the associates CON-SORGAS Srl (Euro 22 thousand) and NEMO LAB Srl (Euro 21 thousand) and to the write-down of the equity investment in the company ULJANIK BRODOGRADNJA 1856 doo by the subsidiary UTP doo (Euro 80 thousand).

## 7. Income taxes

Balance as at 12.31.2023	57,905
Balance as at 12.31.2022	42,294
<b>Change</b>	<b>15,610</b>

The breakdown of the item is as follows:

Description	12.31.2023	12.31.2022	Change
Income taxes	55,512	37,533	17,978
Deferred tax liabilities	1,345	2,517	(1,171)
Deferred tax assets	1,048	2,244	(1,197)
<b>Total</b>	<b>57,905</b>	42,294	15,610

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	12.31.2023	12.31.2022
<b>Theoretical taxation</b>	<b>50,546</b>	43,169
Tax effect permanent differences	1,951	(847)
Tax effect deriving from foreign tax rates other than Italian theoretical tax rates	809	(3,000)
<b>Income taxes recognised in the financial statements, excluding IRAP (current and deferred)</b>	<b>53,306</b>	39,322
<b>IRAP (Regional Business Tax)</b>	<b>4,599</b>	2,972
<b>Income taxes recognised in the financial statements (current and deferred)</b>	<b>57,905</b>	42,294

## BALANCE SHEET

### 8. Tangible fixed assets

Balance as at 12.31.2023	754,571
Balance as at 12.31.2022	694,164
<b>Change</b>	<b>60,407</b>

#### 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 01.01.2022	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)
<b>Balance as at 12.31.2022</b>	<b>29,840</b>	<b>248,644</b>	<b>480,973</b>	<b>1,190,346</b>	<b>130,245</b>	<b>26,273</b>	<b>2,106,321</b>
Increases	1,423	23,542	12,115	100,609	24,955	48,355	211,000
Revaluations	74	3,015	339	1,717	874	-	6,019
Write-downs	-	-	-	(16)	-	(1,174)	(1,190)
Other changes	10,571	677	(1,234)	(432)	4,609	(19,845)	(5,655)
Exchange differences	70	1,037	634	(337)	15	10	1,428
(Disposals)	(120)	(6,596)	(968)	(11,292)	(16,599)	-	(35,576)
<b>Balance as at 12.31.2023</b>	<b>41,858</b>	<b>270,319</b>	<b>491,859</b>	<b>1,280,593</b>	<b>144,098</b>	<b>53,619</b>	<b>2,282,347</b>

Accumulated depreciation	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balance as at 01.01.2022	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)
<b>Balance as at 12.31.2022</b>	<b>3,984</b>	<b>118,877</b>	<b>314,640</b>	<b>880,172</b>	<b>94,483</b>	<b>-</b>	<b>1,412,157</b>
Depreciation charges	427	17,320	23,143	78,047	17,478	-	136,415
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	(6)	1,735	7,924	(1,294)	793	-	9,152
Exchange differences	14	362	653	(12)	41	-	1,058
(Disposals)	-	(5,902)	(558)	(9,595)	(14,951)	-	(31,006)
<b>Balance as at 12.31.2023</b>	<b>4,419</b>	<b>132,392</b>	<b>345,802</b>	<b>947,318</b>	<b>97,845</b>	<b>-</b>	<b>1,527,776</b>

Net value	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balance as at 01.01.2022	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)
<b>Balance as at 12.31.2022</b>	<b>25,856</b>	<b>129,767</b>	<b>166,333</b>	<b>310,173</b>	<b>35,761</b>	<b>26,273</b>	<b>694,164</b>
Increases	1,423	23,542	12,115	100,609	24,955	48,355	211,000
(Depreciations and write-downs)	(427)	(17,320)	(23,143)	(78,047)	(17,478)	-	(136,415)
Other changes	10,650	1,957	(8,818)	2,563	4,689	(21,019)	(9,978)
Exchange differences	56	675	(20)	(326)	(26)	10	369
(Disposals)	(120)	(694)	(410)	(1,697)	(1,648)	-	(4,569)
<b>Balance as at 12.31.2023</b>	<b>37,439</b>	<b>137,927</b>	<b>146,057</b>	<b>333,276</b>	<b>46,253</b>	<b>53,619</b>	<b>754,571</b>

### 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 01.01.2022	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)
<b>Balance as at 12.31.2022</b>	<b>26,045</b>	<b>171,539</b>	<b>480,793</b>	<b>1,190,194</b>	<b>97,886</b>	<b>26,273</b>	<b>1,992,730</b>
Increases	1,324	11,447	12,115	100,609	11,552	48,355	185,402
Revaluations	-	18	312	1,678	120	-	2,128
Write-downs	-	-	-	(16)	-	(1,174)	(1,190)
Other changes	10,585	1,358	(1,234)	(393)	4,935	(19,845)	(4,594)
Exchange differences	48	419	634	(337)	63	10	836
(Disposals)	(115)	(372)	(968)	(11,244)	(8,190)	-	(20,889)
<b>Balance as at 12.31.2023</b>	<b>37,887</b>	<b>184,409</b>	<b>491,652</b>	<b>1,280,491</b>	<b>106,366</b>	<b>53,619</b>	<b>2,154,423</b>

<b>Accumulated depreciation</b>	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	<b>Total</b>
Balance as at 01.01.2022	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)
<b>Balance as at 12.31.2022</b>	<b>2,809</b>	<b>89,625</b>	<b>314,529</b>	<b>880,114</b>	<b>76,747</b>	<b>-</b>	<b>1,363,824</b>
Depreciation charges	-	5,906	23,104	77,934	8,311	-	115,255
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	-	2,031	7,924	(1,261)	902	-	9,595
Exchange differences	-	141	653	(12)	41	-	823
(Disposals)	-	(157)	(558)	(9,547)	(6,664)	-	(16,926)
<b>Balance as at 12.31.2023</b>	<b>2,809</b>	<b>97,547</b>	<b>345,652</b>	<b>947,228</b>	<b>79,336</b>	<b>-</b>	<b>1,472,572</b>

<b>Net value</b>	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	<b>Total</b>
Balance as at 01.01.2022	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)
<b>Balance as at 12.31.2022</b>	<b>23,236</b>	<b>81,913</b>	<b>166,264</b>	<b>310,081</b>	<b>21,139</b>	<b>26,273</b>	<b>628,906</b>
Increases	1,324	11,447	12,115	100,609	11,552	48,355	185,402
(Depreciations and write-downs)	-	(5,906)	(23,104)	(77,934)	(8,311)	-	(115,255)
Other changes	10,585	(655)	(8,845)	2,530	4,153	(21,019)	(13,251)
Exchange differences	48	278	(20)	(326)	22	10	13
(Disposals)	(115)	(216)	(410)	(1,697)	(1,526)	-	(3,963)
<b>Balance as at 12.31.2023</b>	<b>35,078</b>	<b>86,862</b>	<b>146,000</b>	<b>333,263</b>	<b>27,030</b>	<b>53,619</b>	<b>681,851</b>

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

- The investments made during the period in the item "Land" mainly refer to investments by the subsidiaries SOL KOHLENSÄURE WERK GmbH & Co. KG (Euro 1,035 thousand) and SOL HELLAS Sa (Euro 285 thousand).
- Investments made during the period with regard to the item "Buildings" are mainly investments made by the Parent company (Euro 738 thousand) and the subsidiaries VIVISOL Srl (Euro 5,647 thousand), SOL HELLAS Sa (Euro 1,346 thousand), POLAR ICE Ltd (Euro 693 thousand), VIVISOL B Srl (Euro 685 thousand), MEDSEVEN spzoo (Euro 303 thousand), SOL FRANCE Sas (Euro 287 thousand) e ITOP Spa OFFICINE ORTOPEDICHE (Euro 283 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 1,933 thousand) and by the subsidiaries SOL Gas primari Srl (Euro 549 thousand), VIVISOL Srl (Euro 2.159 thousand), SOL HELLAS Sa (Euro 1.749 thousand), SOL FRANCE Sas (Euro 1.138 thousand), SOL KOHLENSÄURE WERK GmbH & Co. KG (Euro 873 thousand), GTH GAZE INDUSTRIALE Sa (Euro 605 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 31,633 thousand (including Euro 9,401 by the parent company) and to investments made by companies operating in the home-care sector in the amount of Euro 68,976 thousand (including Euro 15,345 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 1,887 thousand by the Parent company, the subsidiaries DOLBY MEDICAL HOME RESPIRATORY CARE Ltd (Euro 1,885 thousand), SOL BULGARIA Ead (Euro 817 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 18,642 thousand) and by the subsidiaries GTH GAZE INDUSTRIALE Sa (Euro 1,739 thousand), SOL INDIA PRIVATE Ltd (Euro 11,989 thousand), SOL HELLAS Sa (Euro 6.102 thousand), SOL GAS PRIMARI Srl (Euro 3.683 thousand), BHORUKA SPECIALTY GASES PRIVATE Ltd (Euro 1.867 thousand) and CTS Srl (Euro 1.826 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, 2023, mortgages amounted to Euro 67,450 thousand.

As at December 31, 2023, liens amounted to Euro 68,788 thousand.

The effects of the application of hyperinflation in Turkey are as follows:

Historical cost	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Opening balance	-	175	1,312	4,505	530	-	6,522
Revaluation	-	18	312	1,647	120	-	2,097
Other changes	-	-	(279)	229	50	-	-
Exchange differences	-	(68)	(401)	(1,841)	(225)	-	(2,535)
<b>Closing balance</b>	<b>-</b>	<b>125</b>	<b>944</b>	<b>4,540</b>	<b>475</b>	<b>-</b>	<b>6,084</b>

Accumulated depreciation	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Opening balance	-	118	480	2,221	313	-	3,132
Revaluation	-	9	136	897	67	-	1,110
Other changes	-	-	(99)	73	26	-	-
Exchange differences	-	(46)	(148)	(892)	(132)	-	(1,218)
<b>Closing balance</b>	<b>-</b>	<b>81</b>	<b>369</b>	<b>2,299</b>	<b>274</b>	<b>-</b>	<b>3,024</b>

Net value	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Opening balance	-	58	832	2,284	217	-	3,390
Revaluation	-	9	176	750	53	-	987
Other changes	-	-	(180)	156	24	-	-
Exchange differences	-	(22)	(253)	(949)	(93)	-	(1,317)
<b>Closing balance</b>	<b>-</b>	<b>45</b>	<b>574</b>	<b>2,241</b>	<b>200</b>	<b>-</b>	<b>3,060</b>

### 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 01.01.2022	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)
<b>Balance as at 12.31.2022</b>	<b>3,795</b>	<b>77,106</b>	<b>180</b>	<b>151</b>	<b>32,358</b>	-	<b>113,590</b>
Increases	100	12,095	-	-	13,403	-	25,598
Revaluations	74	2,997	27	39	754	-	3,891
Write-downs	-	-	-	-	-	-	-
Other changes	(14)	(682)	-	(39)	(326)	-	(1,061)
Exchange differences	22	618	-	-	(48)	-	592
(Disposals)	(5)	(6,223)	-	(49)	(8,410)	-	(14,686)
<b>Balance as at 12.31.2023</b>	<b>3,972</b>	<b>85,911</b>	<b>207</b>	<b>103</b>	<b>37,732</b>	-	<b>127,924</b>

Accumulated depreciation	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balance as at 01.01.2022	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)
<b>Balance as at 12.31.2022</b>	<b>1,175</b>	<b>29,252</b>	<b>111</b>	<b>59</b>	<b>17,736</b>	-	<b>48,333</b>
Depreciation charges	427	11,414	39	112	9,167	-	21,159
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	(6)	(296)	-	(33)	(108)	-	(443)
Exchange differences	14	221	-	-	-	-	235
(Disposals)	-	(5,745)	-	(49)	(8,287)	-	(14,080)
<b>Balance as at 12.31.2023</b>	<b>1,610</b>	<b>34,846</b>	<b>150</b>	<b>90</b>	<b>18,509</b>	-	<b>55,204</b>

Net value	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balance as at 01.01.2022	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)
<b>Balance as at 12.31.2022</b>	<b>2,620</b>	<b>47,854</b>	<b>69</b>	<b>92</b>	<b>14,622</b>	-	<b>65,258</b>
Increases	100	12,095	-	-	13,403	-	25,598
(Depreciations and write-downs)	(427)	(11,414)	(39)	(112)	(9,167)	-	(21,159)
Other changes	66	2,612	27	33	536	-	3,273
Exchange differences	8	397	-	-	(48)	-	357
(Disposals)	(5)	(478)	-	-	(123)	-	(606)
<b>Balance as at 12.31.2023</b>	<b>2,362</b>	<b>51,065</b>	<b>57</b>	<b>13</b>	<b>19,223</b>	-	<b>72,720</b>

## 9. Goodwill

Balance as at 12.31.2023	245,628
Balance as at 12.31.2022	216,811
<b>Change</b>	<b>28,817</b>

The breakdown of the item is as follows:

Net value	Goodwill
Balance as at 01.01.2022	170,313
Increases	34,277
(Write-downs)	(104)
Other changes	12,683
Exchange differences	(358)
<b>Balance as at 12.31.2022</b>	<b>216,811</b>
Increases	28,385
(Write-downs)	(1,259)
Other changes	2,228
Exchange differences	(537)
<b>Balance as at 12.31.2023</b>	<b>245,628</b>

The increase in the period is related to the acquisitions of SWISSGAS DEL ECUADOR Sa, INDUSTRIAS CRIOGENICA DEL PERU Sac, CENTRO ORTOPEDICO FERRANTI - GRUPPO VIVITOP Srl, ANAPNOI MONOPROSOPI IKE, WONSAK KOHLENSÄURE-SERVICE GMBH, MIDIPERF SANTE FRANCE Sas, MAGNUS OPIEKA DOMOWA spzoo, the goodwill adjustment of WIP WEITERBILDUNG IN DER PFLEGE GMBH acquired in the third quarter of 2022 and the acquisition of market shares of a German company.

In March 2023, the subsidiary AIRSOL Srl purchased 50.01% of the shares of SWISSGAS DEL ECUADOR Sa, an Ecuadorian company operating in the technical gases sector. If the acquisition had occurred on January 1, 2023, Group revenues and profit would have been increased by Euro 1,451 thousand and Euro 241 thousand respectively for the twelve-month period ended June 30, 2023.

In June 2023, the Subsidiary AIRSOL Srl purchased 50.01% of the shares of INDUSTRIAS CRIOGENICA DEL PERU SAC, a Peruvian company operating in the technical gases sector. If the acquisition had occurred on January 1, 2023, the estimated revenues and profit of the Group would have been higher by Euro 149 thousand and lower by Euro 119 thousand, respectively, for the 12-month period ended December 31, 2023.

In June 2023, the Subsidiary ITOP Spa OFFICINE ORTOPEDICHE purchased 48.30% of the shares of CENTRO ORTOPEDICO FERRANTI - GRUPPO VIVITOP Srl, Italian company operating in the field of orthopaedic prostheses. In July 2023, the Subsidiary AIRSOL Srl purchased 100% of the shares of ANAPNOI MONOPROSOPI IKE, a Greek company operating in the home-care sector. If the acquisition had occurred on January 1, 2023, the Group's revenues and the profit would have increased by Euro 1,041 thousand and by Euro 267 thousand, respectively, for the 12-month period ended December 31, 2023.

In September 2023, the Subsidiary AIRSOL Srl acquired 55% of the shares of WONSAK KOHLENSÄURE-SERVICE GmbH, a German company that produces and sells dry ice. If the acquisition had occurred on January 1, 2023, the group's revenues and the profit would have increased by Euro 2,977 thousand and by Euro 125 thousand, respectively, for the 12-month period ended December 31, 2023.

In October 2023, the Subsidiary FRANCE OXYGENE Sarl acquired 100% of the shares of MIDIPERF SANTE FRANCE Sas and its subsidiaries MIDIPERF SANTE FRANCE IDF and MIDIPERF SANTE FRANCE LR, French companies active in the home care sector. If the acquisition had occurred on January 1, 2023, the group's revenues and the profit would have increased by Euro 3,285 thousand and by Euro 36 thousand, respectively, for the 12-month period ended December 31, 2023.

In December 2023, the Subsidiary PALLMED spzoo acquired 100% of the shares of MAGNUS OPIEKA DOMOWA spzoo, a Polish company operating in the home-care sector. If the acquisition had occurred on January 1, 2023,

the group's revenues and the profit would have increased by Euro 281 thousand and by Euro 27 thousand, respectively, for the 12-month period ended December 31, 2023.

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	17,237	-	17,237
Intangible fixed assets	161	-	161
Long-term investments	724	-	724
Inventories	2,684	-	2,684
Trade and other receivables	9,289	-	9,289
Prepayments and accrued income	88	-	88
Cash and cash at bank	2,334	-	2,334
Minority interests	(5,368)	-	(5,368)
Suppliers	(7,170)	-	(7,170)
Other payables	(9,889)	-	(9,889)
Risk provisions		-	-
Employee severance indemnities	(646)	-	(646)
Accrued expenses and deferred income	(932)	-	(932)
Identifiable net assets and liabilities	8,512	-	-
Goodwill deriving from acquisition	(27,094)	-	-
Amount paid	(35,606)	-	-
Available funds acquired	2,334	-	-
<b>Net outlays of available funds</b>	<b>(33,272)</b>	-	-

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 the Group to assess at the end of each reporting period 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 Group has identified CGUs at the level of each individual company within the scope of consolidation. This is because, although they benefit from the synergies and policies of the Group, they are autonomous in the management and procurement of resources and are therefore considered to be the smallest identifiable group of assets capable of generating largely independent cash flows within the consolidated financial statements.

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 2024 budget drawn up by the Management. The growth rates considered in the plan's timeframe were calculated based on experience in the relative sectors.

It should be noted that the cash flows on which the impairment test is based are consistent with the actions that the Group has identified to date in response to climate change risks.

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).

The WACCs used are shown below, broken down by area:

- Europe: 5.59% - 13.34%
- Extra Europe: 6.94% - 14.39%.

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, 2023 identified any impairment losses except that of MEL Ad and PERSONAL GENOMICS Srl totalling Euro 1,259 thousand. 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.

## 10. Other intangible fixed assets

Balance as at 12.31.2023	42,009
Balance as at 12.31.2022	26,550
<b>Change</b>	<b>15,459</b>

The breakdown of the item is as follows:

<b>Net value</b>	Costs of research	Patents and rights to use patents of others	Concessions, licences, trademarks and similar rights	Other	Assets under construction and advances	<b>Total</b>
Balance as at 01.01.2022	2,524	483	13,473	1,210	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)
<b>Balance as at 12.31.2022</b>	<b>3,006</b>	<b>352</b>	<b>16,541</b>	<b>1,469</b>	<b>5,182</b>	<b>26,550</b>
Increases	571	14	8,057	4,120	7,615	20,378
Revaluations (Write-downs)	-	-	22	-	-	22
Other changes	-	-	(282)	6,020	(2,387)	3,384
Exchange differences	-	-	(2)	22	5	25
(Amortisation)	(267)	(158)	(6,877)	(1,048)	-	(8,350)
<b>Balance as at 12.31.2023</b>	<b>3,309</b>	<b>242</b>	<b>17,459</b>	<b>10,584</b>	<b>10,415</b>	<b>42,009</b>

The effects of the application of hyperinflation in Turkey are as follows:

<b>Cost</b>	Costs of research	Patents and rights to use patents of others	Concessions, licences, trademarks and similar rights	Other	Assets under construction and advances	<b>Total</b>
Opening balance	-	-	39	-	-	39
Revaluation	-	-	7	-	-	7
Exchange differences	-	-	(15)	-	-	(15)
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>31</b>

## 11. Equity investments

Balance as at 12.31.2023	26,926
Balance as at 12.31.2022	13,082
<b>Change</b>	<b>13,844</b>

The breakdown of the item is as follows:

Description	12.31.2023	12.31.2022	Change
FLOSIT PHARMA Sa	458	450	8
GTE SI	25	23	2
ZDS JESENICE doo	8	8	(1)
<b>Non-consolidated subsidiary companies</b>	<b>491</b>	481	10
CONSORZIO ECODUE	407	407	-
CT BIOCARBONIC GmbH	6,028	5,514	514
<b>Jointly controlled companies</b>	<b>6,435</b>	5,921	514
CONSORGAS Srl	34	13	22
NEMO LAB Srl	169	190	(21)
NIPPON SANSO SHENWEI GASES Co. Ltd	989	788	202
OXY TECHNICAL GASES doo	8,000	-	8,000
SHANGHAI JIAWEI MEDICAL GAS Co.	2,289	2,153	136
SHANGHAI SHENWEI GAS FILLING Co. Ltd	142	76	66
SOMNOMEDICS GmbH	4,661	-	4,661
<b>Associated companies</b>	<b>16,285</b>	3,219	13,066
Other minority interests	3,716	3,461	255
<b>Other companies</b>	<b>3,716</b>	3,461	255
<b>Total</b>	<b>26,926</b>	13,082	13,844

Except for:

- Euro 466 thousand recognised as non-consolidated subsidiary companies (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 412 thousand)
- Euro 407 thousand recognised as jointly controlled companies (in the portfolio of the subsidiary SOL GAS PRIMARI Srl)
- Euro 16,251 thousand recognised as associated companies (in the portfolio of the subsidiaries SHANGHAI SHENWEI MEDICAL GAS Co. Ltd of Euro 1,131 thousand, SOL CROATIA doo of Euro 8,000 thousand, VIVISOL Srl of Euro 169 thousand and AIRSOL Srl of Euro 6,950 thousand)
- Euro 3,697 thousand recognised as other minority interests (relating to investments in local companies by the subsidiaries SOL GAS PRIMARI Srl of Euro 3,225 thousand, SOL INDIA PRIVATE Ltd of Euro 201 thousand, UTP doo of Euro 246 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, CENTRO ORTOPEDICO FERRANTI - GRUPPO VIVITOP 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/associates 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	7,519	1,058
Total liabilities	572	243
Revenues	4,806	1,053
Operating result	1,028	-

## 12. Other financial assets

Balance as at 12.31.2023	17,969
Balance as at 12.31.2022	22,015
<b>Change</b>	<b>(4,046)</b>

The breakdown of the item is as follows:

Description	12.31.2023	12.31.2022	Change
Amounts receivable from third parties	17,073	21,331	(4,258)
Securities	896	684	213
<b>Total</b>	<b>17,969</b>	<b>22,015</b>	<b>(4,046)</b>

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

Description	12.31.2023	12.31.2022	Change
Guarantee deposits	12,354	12,372	(18)
Derivatives	3,892	7,771	(3,879)
Tax receivables	158	759	(601)
Other receivables	668	428	240
<b>Total</b>	<b>17,073</b>	<b>21,331</b>	<b>(4,258)</b>

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	12.31.2023	12.31.2022	Change
CRYOS Srl	73	67	6
SOL HELLAS Sa	818	611	208
SOL TG GmbH	5	5	-
VIVISOL Srl	-	1	(1)
<b>Total</b>	<b>896</b>	<b>684</b>	<b>213</b>

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.



### 13. Deferred tax assets

Balance as at 12.31.2023	19,211
Balance as at 12.31.2022	18,557
<b>Change</b>	<b>654</b>

The breakdown of the above item is as follows:

Description	Bad debts	Risk provisions	Internal profits	Prior losses	Other	Total
Balance as at 01.01.2022	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)
<b>Balance as at 12.31.2022</b>	<b>999</b>	<b>148</b>	<b>740</b>	<b>3,520</b>	<b>13,151</b>	<b>18,557</b>
Provisions/Uses	49	-	294	(539)	(852)	(1,048)
Other changes	-	-	-	437	1,189	1,626
Exchange differences	-	-	-	27	49	75
<b>Balance as at 12.31.2023</b>	<b>1,048</b>	<b>148</b>	<b>1,034</b>	<b>3,445</b>	<b>13,537</b>	<b>19,211</b>

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 3,445 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 7,705 thousand, which, although eliminated in the consolidated financial statements, allow the Group to receive the related tax benefits.

### 14. Inventories

Balance as at 12.31.2023	100,804
Balance as at 12.31.2022	84,144
<b>Change</b>	<b>16,661</b>

The breakdown of the item is as follows:

Description	12.31.2023	12.31.2022	Change
Raw, subsidiary and consumable materials	4,787	5,652	(865)
Work in progress and semi-finished goods	2,601	2,821	(221)
Finished products and goods for resale	93,416	75,670	17,746
<b>Total</b>	<b>100,804</b>	<b>84,144</b>	<b>16,661</b>

### 15. Trade receivables

Balance as at 12.31.2023	448,454
Balance as at 12.31.2022	431,054
<b>Change</b>	<b>17,400</b>

The breakdown of the item is as follows:

Description	Within 12 months	Beyond 12 months	Allowance for doubtful accounts	12.31.2023	12.31.2022
Trade receivables	474,542	66	(26,154)	448,454	431,054
<b>Total</b>	<b>474,542</b>	<b>66</b>	<b>(26,154)</b>	<b>448,454</b>	<b>431,054</b>

The allowance for doubtful accounts changed as follows:

Description	12.31.2022	Provisions	Uses	Other changes	12.31.2023
Allowance for doubtful accounts	25,543	7,081	(5,658)	(812)	26,154
<b>Total</b>	<b>25,543</b>	<b>7,081</b>	<b>(5,658)</b>	<b>(812)</b>	<b>26,154</b>

The item "Other changes" refers to exchange rate differences of Euro 44 thousand and to reversals of the fund of Euro 856 thousand.

## 16. Other current assets

Balance as at 12.31.2023	61,418
Balance as at 12.31.2022	64,377
<b>Change</b>	<b>(2,959)</b>

The breakdown of the item is as follows:

Description	12.31.2023	12.31.2022	Change
Amounts receivable from employees	944	830	113
Amounts receivable in respect of income tax	10,013	18,741	(8,727)
VAT receivables	16,682	23,597	(6,915)
Other amounts receivable from the tax authorities	5,409	3,850	1,559
Other receivables	12,251	4,641	7,610
Prepayments and accrued income	16,119	12,719	3,401
<b>Total</b>	<b>61,418</b>	<b>64,377</b>	<b>(2,959)</b>

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

This item breaks down as follows:

Description	12.31.2023	12.31.2022	Change
<b>Accrued income</b>			
Interest	4	23	(19)
Other accrued income	3,348	1,140	2,208
<b>Total accrued income</b>	<b>3,352</b>	<b>1,163</b>	<b>2,189</b>
<b>Prepayments</b>			
Insurance premiums	879	1,006	(127)
Rents	553	667	(114)
Other prepayments	11,334	9,882	1,452
<b>Total prepayments</b>	<b>12,767</b>	<b>11,555</b>	<b>1,212</b>
<b>Total prepayments and accrued income</b>	<b>16,119</b>	<b>12,719</b>	<b>3,401</b>

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

## 17. Current financial assets

Balance as at 12.31.2023	18,050
Balance as at 12.31.2022	13,187
<b>Change</b>	<b>4,863</b>

The breakdown of the item is as follows:

Description	12.31.2023	12.31.2022	Change
Financial receivables from jointly controlled companies	200	200	-
Derivatives	3,499	5,225	(1,726)
Short-term time deposits	11,022	7,561	3,460
Other financial receivables	3,329	200	3,129
<b>Total</b>	<b>18,050</b>	<b>13,187</b>	<b>4,863</b>

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

Company	12.31.2023	12.31.2022	Change
BLA SERVICOS HOSPITALARES Ltda	76	221	(146)
DN GLOBAL HOMECARE Ltda	400	422	(23)
ENERGETIKA ZJ doo	2,998	-	2,998
FLOSIT Sa	546	644	(97)
GLOBAL CARE Ltda	764	700	64
JML SERVIÇOS HOSPITALARES Ltda	107	5	103
MIDIPERF SANTE FRANCE IDF	11	-	11
MIDIPERF SANTE FRANCE LR	41	-	41
MIDIPERF SANTE FRANCE Sas	60	-	60
P PAR Ltda	457	-	457
PORTARE Ltda	10	15	(5)
SOL CROATIA doo	800	-	800
SOL INDIA PRIVATE Ltd	1,575	3,194	(1,620)
TGT Ad	1,425	2,336	(911)
UNIT CARE Ltda	111	20	91
UTP doo	1,496	-	1,496
VIVISOL BRASIL Sa	146	4	141
<b>Total</b>	<b>11,022</b>	<b>7,561</b>	<b>3,460</b>

## 18. Cash and cash equivalents

Balance as at 12.31.2023	205,627
Balance as at 12.31.2022	134,642
<b>Change</b>	<b>70,985</b>

The breakdown for this item is as follows:

Description	12.31.2023	12.31.2022	Change
Bank and postal deposits	205,105	134,011	71,094
Cash and cash equivalents on hand	522	631	(109)
<b>Total</b>	<b>205,627</b>	<b>134,642</b>	<b>70,985</b>

## 19. Shareholders' equity

Balance as at 12.31.2023	975,126
Balance as at 12.31.2022	862,630
<b>Change</b>	<b>112,496</b>

The share capital of SOL Spa as at December 31, 2023 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	12.31.2022	Transfer of result	Dividends paid	Translation differences	Other changes	Profit (loss)	12.31.2023
<b>Pertaining to the Group:</b>							
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	565,261	103,761	-	(111)	(8,312)	-	660,599
Profits/(Losses) carried forward	704	29,931	(29,931)	-	617	-	1,321
Net Profit	133,693	(133,693)	-	-	-	145,732	145,732
<b>Shareholders' equity - Group</b>	<b>820,615</b>	<b>-</b>	<b>(29,931)</b>	<b>(111)</b>	<b>(7,695)</b>	<b>145,732</b>	<b>928,611</b>
<b>Minority interests:</b>							
Shareholders' equity							
Minority interests	38,134	3,882	(3,617)	(1,020)	2,164	-	39,543
Profit pertaining to minority interests	3,882	(3,882)	-	-	-	6,972	6,972
<b>Shareholders' equity</b>	<b>42,015</b>	<b>-</b>	<b>(3,617)</b>	<b>(1,020)</b>	<b>2,164</b>	<b>6,972</b>	<b>46,515</b>
<b>Shareholders' equity</b>	<b>862,630</b>	<b>-</b>	<b>(33,548)</b>	<b>(1,130)</b>	<b>(5,530)</b>	<b>152,704</b>	<b>975,126</b>

The item "Other reserves" mainly includes extraordinary reserves, the reserve for actuarial gains or losses, the Cash Flow Hedge (CFH) reserve, the effects of hyperinflation in Turkey and unallocated profits.

As at December 31, 2023, the CFH reserve, gross of the tax effect, was positive and amounted to Euro 7,392 thousand (positive for Euro 12,994 thousand as at December 31, 2022). 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 4,485 thousand, of which Euro 193 thousand were third parties.

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

Description	12.31.2023		12.31.2022	
	Shareholders' equity	Net income	Shareholders' equity	Net income
<b>Financial Statements of SOL Spa</b>	<b>341,013</b>	<b>61,177</b>	314,141	41,594
<b>Elimination of consolidated inter-company transactions, net of tax effects:</b>				
- Internal profit on tangible fixed assets	(3,248)	(668)	(2,576)	158
- Internal profit on long-term investments	-	(508)	-	-
- Reversal of adjustments to investments in subsidiary companies	-	2,493	-	141
- Dividends paid by consolidated companies	-	(90,955)	-	(85,007)
<b>Adjustment of accounting policies to achieve consistent Group accounting policies, net of tax effects:</b>				
- Adjustment to achieve a consistent accounting policy regarding intangible assets	6,254	(920)	7,810	(921)
- Application of IFRS 16 and IAS 17	(935)	(535)	(398)	(267)
- Valuation at equity of companies reported at cost	2,507	688	1,556	720
<b>Book value of consolidated equity investments</b>	<b>(919,487)</b>	<b>-</b>	<b>(868,112)</b>	<b>-</b>
<b>Shareholders' Equity and profit for the year of consolidated companies</b>	<b>1,282,437</b>	<b>176,219</b>	1,174,265	177,379
<b>Allocation of the difference to the assets of the consolidated companies and relative depreciation, amortisation and write-downs:</b>				
- Goodwill from consolidation	220,070	(1,259)	193,929	(104)
<b>Group consolidated financial statements</b>	<b>928,611</b>	<b>145,732</b>	820,615	133,693

## 20. Employee severance indemnities and benefits

Balance as at 12.31.2023	16,917
Balance as at 12.31.2022	15,143
<b>Change</b>	<b>1,774</b>

The breakdown for this item is as follows:

Description	12.31.2023	12.31.2022
Balance as at 1 January	15,143	18,696
Provisions	2,922	2,102
(Uses)	(1,390)	(1,531)
Financial expense	262	(16)
Other changes	(46)	(4,098)
Exchange differences	27	(9)
<b>Balance at the end of the period</b>	<b>16,917</b>	15,143

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

Description	Interest rate
Annual discount rate	0.68%
Inflation rate	1.50%
Annual severance indemnity increase rate	2.18%
Annual wage increase rate	2.50%

### Sensitivity analysis

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

Balance as at December 31, 2023	Amount
Inflation rate + 0.5%	237
Inflation rate - 0.5%	(229)
Discount rate + 0.5%	(448)
Discount rate - 0.5%	485
Turnover rate +0.5%	107

### Employee severance indemnity

The item "Employee severance indemnities" reflects the indemnity provided to employees during their working relationship that 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.

## 21. Provision for deferred taxes

Balance as at 12.31.2023	15,104
Balance as at 12.31.2022	12,163
<b>Change</b>	<b>2,941</b>

The item "Provision for deferred taxes" represents the balance of deferred tax liabilities provided for in the consolidated financial statements as at December 31, 2023 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 01.01.2022	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)
<b>Balance as at 12.31.2022</b>	<b>24</b>	<b>3,987</b>	<b>(87)</b>	<b>8,238</b>	<b>12,163</b>
Provisions/Uses	222	682	(236)	677	1,345
Other changes		1,382	-	136	1,518
Exchange differences		78	(1)	1	77
<b>Balance as at 12.31.2023</b>	<b>246</b>	<b>6,129</b>	<b>(324)</b>	<b>9,053</b>	<b>15,104</b>

## 22. Provisions for risks and charges

Balance as at 12.31.2023	3,847
Balance as at 12.31.2022	3,309
<b>Change</b>	<b>538</b>

The breakdown of the item is as follows:

Description	12.31.2023	12.31.2022	Change
Other minor provisions	3,847	3,309	538
<b>Total other provisions</b>	<b>3,847</b>	<b>3,309</b>	<b>538</b>
<b>Total</b>	<b>3,847</b>	<b>3,309</b>	<b>538</b>

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	12.31.2022	Provisions	Uses	Other changes	12.31.2023
Other minor provisions	3,309	733	(116)	(79)	3,847
<b>Total</b>	<b>3,309</b>	<b>733</b>	<b>(116)</b>	<b>(79)</b>	<b>3,847</b>

### 23. Payables and other financial liabilities

Balance as at 12.31.2023	550,215
Balance as at 12.31.2022	454,496
<b>Change</b>	<b>95,719</b>

The breakdown of the item is as follows:

Description	12.31.2023	12.31.2022	Change
Bonds	160,837	172,764	(11,927)
Amounts due to other lenders	313,883	214,490	99,393
Lease liabilities	53,669	47,732	5,938
Other	21,825	19,509	2,316
<b>Total</b>	<b>550,215</b>	<b>454,496</b>	<b>95,719</b>

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" and "Lease liabilities" is as follows (with values expressed in thousands of Euro):

Lending institution	Amount	Long-term portion	Short-term portion	Interest rate	Maturity	Original amount
INTERNACIONAL	54	-	54	Floating	6.79% 01/08/2024	Euro 1,809,955
PRODUBANCO	62	-	62	Fixed	9.32% 02/05/2024	Euro 93,113
PRODUBANCO	34	-	34	Fixed	10.09% 03/05/2024	Euro 34,109
INTESA SAN PAOLO*	1,875	-	1,875	Floating	5.81% 03/31/2024	Euro 30,000,000
MEDIO CREDITO ITALIANO	741	-	741	Floating	5.25% 03/31/2024	Euro 20,000,000
CREDIT MUTUEL	3	-	3	Fixed	1.35% 04/05/2024	Euro 41,000
UNICREDIT *	625	-	625	Floating	5.23% 05/31/2024	Euro 10,000,000
CNH INDUSTRIAL CAPITAL EUROPE	9	-	9	Floating	1.58% 07/01/2024	Euro 68,375
CREDEM	40	-	40	Fixed	1.70% 07/17/2024	Euro 200,000
BNL	29	-	29	Floating	5.84% 07/22/2024	Euro 200,000
PRODUBANCO	181	-	181	Fixed	8.91% 07/29/2024	Euro 452,489
PRODUBANCO	317	-	317	Fixed	9.47% 09/09/2024	Euro 316,742
INTERNACIONAL	137	20	117	Fixed	8.92% 02/06/2025	Euro 226,244
DUCATI	7	2	5	Fixed	2.11% 05/01/2025	Euro 26,219
MONTE PASCHI SIENA	1,250	417	833	Fixed	4.21% 15/06/2025	Euro 10,000,000
INTESA SAN PAOLO*	5,625	1,875	3,750	Fixed	1.44% 06/30/2025	Euro 30,000,000
COMMERZ BANK	75	25	50	Floating	1.00% 06/30/2025	Euro 200,000
CREDITO VALTELLINESE	2,549	1,279	1,270	Floating	3.13% 07/05/2025	Euro 10,000,000
CREDITO VALTELLINESE	1,274	639	635	Floating	3.13% 07/05/2025	Euro 5,000,000
INTESA SAN PAOLO	64	24	41	Fixed	1.00% 07/13/2025	Euro 200,000
UNICREDIT	162	60	102	Fixed	1.80% 07/31/2025	Euro 400,000
BNL	371	159	212	Floating	5.44% 09/01/2025	Euro 900,000
UBI BANCA	5,131	2,625	2,506	Fixed	1.00% 09/14/2025	Euro 20,000,000
PRODUBANCO	205	96	109	Fixed	8.91% 10/15/2025	Euro 271,493
CREDIT MUTUEL	78	38	41	Fixed	1.50% 11/05/2025	Euro 200,000
HDFC	292		292	Fixed	9.50% 11/17/2025	Euro 1,387,356
BANCA IMI *	1,703	975	728	Fixed	6.50% 01/26/2026	Euro 7,000,000
PRODUBANCO	2,337	1,545	792	Floating	7.46% 03/02/2026	Euro 8,144,796
PRODUBANCO	383	227	156	Fixed	8.91% 03/30/2026	Euro 407,240
UNICREDIT	326	184	143	Floating	2.50% 03/31/2026	Euro 500,000
PRODUBANCO	535	300	235	Fixed	5.25% 03/31/2026	Euro 904,977
PRODUBANCO	633	397	237	Fixed	8.91% 06/12/2026	Euro 633,484
BCC Carate	3,211	1,936	1,275	Floating	5.01% 06/13/2026	Euro 10,000,000
INTESA SAN PAOLO*	12,500	7,500	5,000	Fixed	1.10% 06/30/2026	Euro 40,000,000
COMMERZ REAL	48	29	19	Floating	1.89% 07/01/2026	Euro 90,490
BNL	54	34	20	Fixed	1.86% 08/24/2026	Euro 100,000
BANK OF IRELAND	63	29	34	Floating	4.28% 09/30/2026	Euro 290,000
INTERNACIONAL	221	152	69	Fixed	9.73% 11/05/2026	Euro 226,244
BNL - BNP Paribas *	10,500	7,500	3,000	Fixed	1.69% 11/25/2026	Euro 30,000,000
BCC ROMA	56	37	19	Fixed	2.00% 11/25/2026	Euro 100,000
CARIGE	122	86	36	Fixed	2.00% 04/30/2027	Euro 180,000
UBI BANCA *	18,129	13,052	5,077	Fixed	2.00% 06/26/2027	Euro 40,000,000
MEDIOBANCA	22,500	17,500	5,000	Fixed	2.00% 01/28/2028	Euro 40,000,000
BCC ROMA	961	748	213	Floating	5.00% 05/31/2028	Euro 1,500,000
BANK OF IRELAND	440	333	107	Floating	4.00% 06/12/2028	Euro 600,000
UBI BANCA	502	404	99	Floating	2.00% 09/24/2028	Euro 1,000,000
COMMERZ REAL	206	163	43	Floating	5.00% 11/01/2028	Euro 243,506
INVITALIA	7,217	5,908	1,309	Fixed	0.00% 06/30/2029	Euro 12,643,000
BANCO BPM	32,313	26,443	5,870	Fixed	2.00% 06/30/2029	Euro 50,000,000
BNL - BNP PARIBAS *	29,970	24,978	4,991	Fixed	2.00% 12/31/2029	Euro 40,000,000
BNL - BNP PARIBAS *	18,656	15,435	3,220	Fixed	1.00% 05/06/2030	Euro 30,000,000
INTESA SAN PAOLO	289	246	43	Fixed	6.00% 07/08/2030	Euro 300,000
BCC CARATE	3,919	3,374	545	Fixed	1.00% 12/17/2030	Euro 5,000,000
UNICREDIT * / SIMEST	17,954	17,964	(10)	Floating	4.00% 06/30/2031	Euro 18,000,000
POP. SONDRIO / SIMEST	23,645	23,654	(9)	Floating	3.00% 08/01/2031	Euro 23,700,000
CDP	50,000	50,000	-	Floating	5.00% 11/27/2031	Euro 50,000,000
BANCA DI CARAGLIO	143	126	17	Floating	2.00% 11/30/2031	Euro 250,000
BCC CARATE *	9,991	9,994	(2)	Floating	5.00% 10/06/2032	Euro 10,000,000
BANCO BPM *	39,858	35,450	4,408	Floating	6.00% 12/31/2032	Euro 40,000,000
POP. SONDRIO	39,906	39,921	(15)	Floating	5.00% 08/01/2033	Euro 40,000,000
<b>Total amounts due to other lenders</b>	<b>370,484</b>	<b>313,883</b>	<b>56,601</b>			
Lease liabilities	74,107	53,669	20,438			
Bonds	172,764	160,837	11,927			
<b>Total</b>	<b>617,355</b>	<b>528,389</b>	<b>88,966</b>			

### 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, 2023.

### Derivatives

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

1. The loan agreement outstanding with BNL - BNP Paribas, the residual debt of which amounts to Euro 29,970 thousand, was hedged by a fixed rate of 1.45% against a floating 6-month Euribor rate. The fair value as at June 31, 2023 was positive for a total of Euro 2,130 thousand (as at December 31, 2022 positive for Euro 3,605 thousand).
2. The bond whose residual debt amounts to Euro 4,794 thousand was hedged by a CCS contract entered into with Intesa San Paolo on June 15, 2012. The fair value as at June 31, 2023 was positive for a total of Euro 613 thousand (as at December 31, 2022 positive for Euro 1,529 thousand).
3. The bond whose residual debt amounts to Euro 5,414 thousand was hedged by a CCS contract entered into with Intesa San Paolo on May 29, 2013. The fair value as at June 31, 2023 was positive for a total of Euro 878 thousand (as at December 31, 2022 positive for Euro 1,614 thousand).
4. The loan agreement outstanding with Intesa San Paolo whose residual debt amounts to Euro 5,625 thousand was hedged by a fixed rate of 0.44% against a floating 6-month Euribor rate. The fair value as at June 31, 2023 was positive for a total of Euro 159 thousand (as at December 31, 2022 positive for Euro 390 thousand).
5. The loan agreement outstanding with Banca Popolare di Bergamo, the residual debt of which amounts to Euro 5,131 thousand, was hedged by a fixed rate of 0.10% against a floating 3-month Euribor rate. The fair value as at June 31, 2023 was positive for a total of Euro 209 thousand (as at December 31, 2022 positive for Euro 332 thousand).
6. The loan agreement outstanding with Intesa San Paolo whose residual debt amounts to Euro 12,500 thousand was hedged by a fixed rate of 0.10% against a floating 6-month Euribor rate. The fair value as at June 31, 2023 was positive for a total of Euro 522 thousand (as at December 31, 2022 positive for Euro 1,069 thousand).
7. The loan agreement outstanding with BNL - BNP Paribas, the residual debt of which amounts to Euro 10,500 thousand, was hedged by a fixed rate of 0.535% against a floating 6-month Euribor rate. The fair value as at June 31, 2023 was positive for a total of Euro 368 thousand (as at December 31, 2022 positive for Euro 685 thousand).
8. The loan agreement outstanding with Mediobanca, the residual debt of which amounts to Euro 22,500 thousand, was hedged by a fixed rate of 0.759% against a floating 6-month Euribor rate. The fair value as at June 31, 2023 was positive for a total of Euro 1,184 thousand (as at December 31, 2022 positive for Euro 1,618 thousand).
9. The loan agreement outstanding with BNL - BNP Paribas, the residual debt of which amounts to Euro 18,656 thousand, was hedged by a fixed rate of -0.13% against a floating 6-month Euribor rate. The fair value as at June 31, 2023 was positive for a total of Euro 1,329 thousand (as at December 31, 2022 positive for Euro 2,154 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*).

All contracts 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 financial assets at fair value as at December 31, 2023, by hierarchical level of fair value measurement:

Payables and other financial liabilities	Notes	Level 1	Level 2	Level 3	Total
BNL - BNP PARIBAS		-	368	-	368
BNL - BNP PARIBAS		-	1,329	-	1,329
BNL - BNP PARIBAS		-	2,130	-	2,130
MEDIOBANCA		-	1,184	-	1,184
BANCA POPOLARE DI BERGAMO		-	209	-	209
INTESA SAN PAOLO		-	613	-	613
INTESA SAN PAOLO		-	878	-	878
INTESA SAN PAOLO		-	159	-	159
INTESA SAN PAOLO		-	522	-	522
<b>Total</b>		-	7,392	-	<b>7,392</b>

### 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 and liabilities - 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.

## 24. Current liabilities

	Balance as at 12.31.2023	379,459
	Balance as at 12.31.2022	370,842
	<b>Change</b>	<b>8,617</b>

This item breaks down as follows:

Description	12.31.2023	12.31.2022	Change
Amounts due to banks	3,190	6,860	(3,670)
Trade accounts payable	168,367	175,114	(6,747)
Other financial liabilities	89,031	84,814	4,217
Tax payables	35,452	32,552	2,900
Other current liabilities	83,418	71,502	11,916
<b>Total</b>	<b>379,459</b>	<b>370,842</b>	<b>8,617</b>

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	12.31.2023	12.31.2022	Change
Income tax payables	21,068	15,399	5,669
VAT payables	9,209	13,031	(3,822)
Other tax payables	5,175	4,122	1,053
<b>Total</b>	<b>35,452</b>	<b>32,552</b>	<b>2,900</b>

"Other current liabilities" comprise:

Description	12.31.2023	12.31.2022	Change
Amounts due to social security institutions	11,767	9,846	1,921
Amounts due to employees	17,112	15,056	2,056
Amounts due to shareholders for dividends	436	73	363
Guarantee deposits payable	2,167	1,862	306
Other payables	2,607	1,308	1,299
Accrued expenses and deferred income	49,329	43,358	5,971
<b>Total</b>	<b>83,418</b>	<b>71,502</b>	<b>11,916</b>

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

Description	12.31.2023	12.31.2022	Change
<b>Accrued expenses</b>			
Interest payable on loans	3,296	1,220	2,076
Other	16,209	13,904	2,305
<b>Total accrued expenses</b>	<b>19,505</b>	<b>15,124</b>	<b>4,381</b>
<b>Deferred income</b>			
Sink funds granted	905	998	(93)
Rentals receivable	53	45	8
Other	28,867	27,191	1,676
<b>Total deferred income</b>	<b>29,824</b>	<b>28,234</b>	<b>1,590</b>
<b>Total accrued expenses and deferred income</b>	<b>49,329</b>	<b>43,358</b>	<b>5,971</b>



## REVENUES BY TYPE OF BUSINESS SOL GROUP

(amounts in thousands of Euro)

	12.31.2023						
	Technical gas sector	%	Home-care service sector	%	Write downs	Consolidated figures	%
Technical gas sector	809,128	100.0%	-	-	(32,493)	776,635	52.2%
Home-care service sector	-	-	712,039	100.0%	(1,537)	710,502	47.8%
<b>Net sales</b>	<b>809,128</b>	<b>100.0%</b>	<b>712,039</b>	<b>100.0%</b>	<b>(34,031)</b>	<b>1,487,136</b>	<b>100.0%</b>
Internal works and collections	31,892	3.9%	12,068	1.7%	(1,527)	42,433	2.9%
<b>Revenues</b>	<b>841,020</b>	<b>103.9%</b>	<b>724,107</b>	<b>101.7%</b>	<b>(35,558)</b>	<b>1,529,569</b>	<b>102.9%</b>
Purchase of materials	287,945	35.6%	153,763	21.6%	(22,714)	418,994	28.2%
Services rendered	221,274	27.3%	196,719	27.6%	(11,341)	406,651	27.3%
Change in inventories	(5,224)	-0.6%	(9,496)	-1.3%	-	(14,720)	-1.0%
Other costs	17,386	2.1%	18,726	2.6%	(1,388)	34,724	2.3%
<b>Total costs</b>	<b>521,381</b>	<b>64.4%</b>	<b>359,711</b>	<b>50.5%</b>	<b>(35,443)</b>	<b>845,650</b>	<b>56.9%</b>
<b>Added value</b>	<b>319,639</b>	<b>39.5%</b>	<b>364,396</b>	<b>51.2%</b>	<b>(115)</b>	<b>683,920</b>	<b>46.0%</b>
Payroll and related costs	120,943	14.9%	180,816	25.4%	-	301,759	20.3%
<b>Gross operating margin</b>	<b>198,696</b>	<b>24.6%</b>	<b>183,580</b>	<b>25.8%</b>	<b>(115)</b>	<b>382,161</b>	<b>25.7%</b>
Depreciation/amortisation	67,992	8.4%	76,156	10.7%	616	144,765	9.7%
Non-recurring (income)/expenses	8,164	1.0%	1,794	0.3%	313	10,271	0.7%
<b>Operating result</b>	<b>122,540</b>	<b>15.1%</b>	<b>105,630</b>	<b>14.8%</b>	<b>(1,044)</b>	<b>227,125</b>	<b>15.3%</b>
Financial income	35,931	4.4%	4,953	0.7%	(35,689)	5,195	0.3%
Financial expense	(20,811)	-2.6%	(11,370)	-1.6%	9,861	(22,320)	-1.5%
Results from equity investments	442	0.1%	(1,458)	-0.2%	1,624	608	0.0%
<b>Total financial income/(expense)</b>	<b>15,563</b>	<b>1.9%</b>	<b>(7,875)</b>	<b>-1.1%</b>	<b>(24,205)</b>	<b>(16,517)</b>	<b>-1.1%</b>
<b>Profit (Loss) before income taxes</b>	<b>138,103</b>	<b>17.1%</b>	<b>97,755</b>	<b>13.7%</b>	<b>(25,249)</b>	<b>210,609</b>	<b>14.2%</b>
Income taxes	29,025	3.6%	28,868	4.1%	12	57,905	3.9%
<b>Net result from business activities</b>	<b>109,078</b>	<b>13.5%</b>	<b>68,887</b>	<b>9.7%</b>	<b>(25,261)</b>	<b>152,704</b>	<b>10.3%</b>
Net result from discontinued operations	-	-	-	-	-	-	-
(Profit)/Loss pertaining to minority interests	(4,188)	-0.5%	(2,823)	-0.4%	39	(6,972)	-0.5%
<b>Net Profit/(Loss)</b>	<b>104,890</b>	<b>13.0%</b>	<b>66,064</b>	<b>9.3%</b>	<b>(25,221)</b>	<b>145,733</b>	<b>9.8%</b>

## OTHER INFORMATION SOL GROUP

(amounts in thousands of Euro)

	12.31.2023						
	Technical gas sector	%	Home-care service sector	%	Write downs	Consolidated figures	%
Total assets	1,501,536		1,018,982		(579,851)	1,940,667	
Total liabilities	841,644		398,011		(274,114)	965,541	
Investments	83,432		82,125		-	165,557	

12.31.2022						
Technical gas sector	%	Home-care service sector	%	Write downs	Consolidated figures	%
796,862	100.0%	-	-	(34,423)	762,439	55.3%
-	-	618,199	100.0%	(1,451)	616,748	44.7%
796,862	100.0%	618,199	100.0%	(35,874)	1,379,187	100.0%
78,247	9.8%	6,365	1.0%	(707)	83,904	6.1%
875,109	109.8%	624,564	101.0%	(36,581)	1,463,091	106.1%
388,661	48.8%	130,447	21.1%	(25,177)	493,932	35.8%
205,069	25.7%	171,013	27.7%	(10,052)	366,030	26.5%
(7,869)	-1.0%	(5,363)	-0.9%	-	(13,232)	-1.0%
13,539	1.7%	16,209	2.6%	(1,302)	28,446	2.1%
599,401	75.2%	312,306	50.5%	(36,531)	875,176	63.5%
275,708	34.6%	312,257	50.5%	(50)	587,915	42.6%
109,784	13.8%	149,873	24.2%	-	259,657	18.8%
165,924	20.8%	162,385	26.3%	(50)	328,259	23.8%
61,832	7.8%	66,499	10.8%	620	128,950	9.3%
5,547	0.7%	1,308	0.2%	(8)	6,847	0.5%
98,545	12.4%	94,579	15.3%	(662)	192,462	14.0%
29,318	3.7%	1,996	0.3%	(28,384)	2,930	0.2%
(13,389)	-1.7%	(5,297)	-0.9%	2,795	(15,891)	-1.2%
269	-	38	-	61	368	-
16,198	2.0%	(3,262)	-0.5%	(25,528)	(12,593)	-0.9%
114,743	14.4%	91,317	14.8%	(26,191)	179,869	13.0%
18,500	2.3%	23,797	3.8%	(3)	42,294	3.1%
96,243	12.1%	67,519	10.9%	(26,188)	137,574	10.0%
-	-	-	-	-	-	-
(910)	-0.1%	(2,995)	-0.5%	24	(3,882)	-0.3%
95,333	12.0%	64,524	10.4%	(26,164)	133,693	9.7%

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



## 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)

	12.31.2023	%	12.31.2022	%
Revenues from sales and services	809,128	100.0%	796,862	100.0%
Other revenues and income	31,892	3.9%	78,247	9.8%
<b>Revenues</b>	<b>841,020</b>	<b>103.9%</b>	<b>875,109</b>	<b>109.8%</b>
Purchase of materials	287,945	35.6%	388,661	48.8%
Services rendered	221,274	27.3%	205,069	25.7%
Change in inventories	(5,224)	-0.6%	(7,869)	-1.0%
Other costs	17,386	2.1%	13,539	1.7%
<b>Total costs</b>	<b>521,381</b>	<b>64.4%</b>	<b>599,401</b>	<b>75.2%</b>
<b>Added value</b>	<b>319,639</b>	<b>39.5%</b>	<b>275,708</b>	<b>34.6%</b>
Payroll and related costs	120,943	14.9%	109,784	13.8%
<b>Gross operating margin</b>	<b>198,696</b>	<b>24.6%</b>	<b>165,924</b>	<b>20.8%</b>
Depreciation/amortisation	67,992	8.4%	61,832	7.8%
Provisions and write-downs	8,164	1.0%	5,547	0.7%
<b>Operating result</b>	<b>122,540</b>	<b>15.1%</b>	<b>98,545</b>	<b>12.4%</b>
Financial income	35,931	4.4%	29,318	3.7%
Financial expense	(20,811)	-2.6%	(13,389)	-1.7%
Results from equity investments	442	0.1%	269	-
<b>Total financial income/(expense)</b>	<b>15,563</b>	<b>1.9%</b>	<b>16,198</b>	<b>2.0%</b>
<b>Profit (Loss) before income taxes</b>	<b>138,103</b>	<b>17.1%</b>	<b>114,743</b>	<b>14.4%</b>
Income taxes	29,025	3.6%	18,500	2.3%
<b>Net result from business activities</b>	<b>109,078</b>	<b>13.5%</b>	<b>96,243</b>	<b>12.1%</b>
Net result from discontinued operations	-	0.0%	-	-
(Profit)/Loss pertaining to minority interests	(4,188)	-0.5%	(910)	-0.1%
<b>Net Profit/(Loss)</b>	<b>104,890</b>	<b>13.0%</b>	<b>95,333</b>	<b>12.0%</b>

Revenues from sales and services in the technical gas sector reported a 1.5% increase.

Gross operating margin increased by 19.8% compared to the previous year.

Operating result increased by 24.3% compared to the previous year.

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

(amounts in thousands of Euro)

	12.31.2023	12.31.2022
Tangible fixed assets	484,506	456,541
Goodwill	59,153	58,036
Other intangible fixed assets	24,620	15,105
Equity investments	209,205	200,127
Other financial assets	11,850	16,129
Deferred tax assets	13,917	12,895
<b>Non-current assets</b>	<b>803,250</b>	<b>758,833</b>
<b>Non-current assets held for sale</b>	<b>-</b>	<b>-</b>
Inventories	47,207	40,917
Trade receivables	287,786	292,464
Other current assets	40,581	41,617
Current financial assets	177,287	117,623
Cash and cash equivalents	145,425	82,807
<b>Current assets</b>	<b>698,286</b>	<b>575,427</b>
<b>TOTAL ASSETS</b>	<b>1,501,536</b>	<b>1,334,261</b>
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	400,142	334,643
Retained earnings (accumulated loss)	-	-
Net Profit	104,890	95,333
<b>Shareholders' equity - Group</b>	<b>625,991</b>	<b>550,934</b>
Shareholders' equity - Minority interests	29,714	27,555
Profit pertaining to minority interests	4,188	910
<b>Shareholders' equity - Minority interests</b>	<b>33,902</b>	<b>28,465</b>
<b>Shareholders' equity</b>	<b>659,893</b>	<b>579,399</b>
Employee severance indemnities and benefits	11,113	10,383
Provision for deferred taxes	7,952	6,968
Provisions for risks and charges	2,757	2,313
Payables and other financial liabilities	508,457	416,938
<b>Non-current liabilities</b>	<b>530,280</b>	<b>436,601</b>
<b>Non-current liabilities held for sale</b>	<b>-</b>	<b>-</b>
Amounts due to banks	1,029	5,528
Trade accounts payable	109,879	115,509
Other financial liabilities	142,538	151,378
Tax payables	18,205	13,890
Other current liabilities	39,713	31,956
<b>Current liabilities</b>	<b>311,364</b>	<b>318,260</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,501,536</b>	<b>1,334,261</b>

## 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)

	12.31.2023	%	12.31.2022	%
Revenues from sales and services	712,039	100.0%	618,199	100.0%
Other revenues and income	12,068	1.7%	6,365	1.0%
<b>Revenues</b>	<b>724,107</b>	<b>101.7%</b>	<b>624,564</b>	<b>101.0%</b>
Purchase of materials	153,763	21.6%	130,447	21.1%
Services rendered	196,719	27.6%	171,013	27.7%
Change in inventories	(9,496)	-1.3%	(5,363)	-0.9%
Other costs	18,726	2.6%	16,209	2.6%
<b>Total costs</b>	<b>359,711</b>	<b>50.5%</b>	<b>312,306</b>	<b>50.5%</b>
<b>Added value</b>	<b>364,396</b>	<b>51.2%</b>	<b>312,257</b>	<b>50.5%</b>
Payroll and related costs	180,816	25.4%	149,873	24.2%
<b>Gross operating margin</b>	<b>183,580</b>	<b>25.8%</b>	<b>162,385</b>	<b>26.3%</b>
Depreciation/amortisation	76,156	10.7%	66,499	10.8%
Provisions and write-downs	1,794	0.3%	1,308	0.2%
<b>Operating result</b>	<b>105,630</b>	<b>14.8%</b>	<b>94,579</b>	<b>15.3%</b>
Financial income	4,953	0.7%	1,996	0.3%
Financial expense	(11,370)	-1.6%	(5,297)	-0.9%
Results from equity investments	(1,458)	-0.2%	38	-
<b>Total financial income/(expense)</b>	<b>(7,875)</b>	<b>-1.1%</b>	<b>(3,262)</b>	<b>-0.5%</b>
<b>Profit (Loss) before income taxes</b>	<b>97,755</b>	<b>13.7%</b>	<b>91,317</b>	<b>14.8%</b>
Income taxes	28,868	4.1%	23,797	3.8%
<b>Net result from business activities</b>	<b>68,887</b>	<b>9.7%</b>	<b>67,519</b>	<b>10.9%</b>
Net result from discontinued operations	-	-	-	-
(Profit)/Loss pertaining to minority interests	(2,823)	-0.4%	(2,995)	-0.5%
<b>Net Profit/(Loss)</b>	<b>66,064</b>	<b>9.3%</b>	<b>64,524</b>	<b>10.4%</b>

Sales in the home-care service sector registered an increase of 15.2%.

Operating result increased by 11.7% compared to the previous year.

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

(amounts in thousands of Euro)

	12.31.2023	12.31.2022
Tangible fixed assets	258,560	225,387
Goodwill	138,875	120,187
Other intangible fixed assets	17,389	11,445
Equity investments	183,186	162,825
Other financial assets	8,007	7,474
Deferred tax assets	5,191	5,547
<b>Non-current assets</b>	<b>611,208</b>	532,865
<b>Non-current assets held for sale</b>	<b>-</b>	-
Inventories	53,597	43,227
Trade receivables	188,722	157,898
Other current assets	21,504	23,553
Current financial assets	83,750	90,183
Cash and cash equivalents	60,200	51,812
<b>Current assets</b>	<b>407,774</b>	366,673
<b>TOTAL ASSETS</b>	<b>1,018,982</b>	899,538
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	487,464	449,292
Retained earnings (accumulated loss)	24,577	24,577
Net Profit	66,064	64,524
<b>Shareholders' equity - Group</b>	<b>608,339</b>	568,627
Shareholders' equity - Minority interests	9,809	10,559
Profit pertaining to minority interests	2,823	2,995
<b>Shareholders' equity - Minority interests</b>	<b>12,632</b>	13,555
<b>Shareholders' equity</b>	<b>620,971</b>	582,181
Employee severance indemnities and benefits	5,803	4,760
Provision for deferred taxes	7,125	5,168
Provisions for risks and charges	1,637	1,004
Payables and other financial liabilities	154,427	134,228
<b>Non-current liabilities</b>	<b>168,992</b>	145,161
<b>Non-current liabilities held for sale</b>	<b>-</b>	-
Amounts due to banks	2,161	1,332
Trade accounts payable	84,735	77,625
Other financial liabilities	78,698	32,981
Tax payables	17,247	18,662
Other current liabilities	46,179	41,595
<b>Current liabilities</b>	<b>229,019</b>	172,195
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,018,982</b>	899,538

## INFORMATION BY GEOGRAPHIC AREA

The breakdown of revenues by geographic area is presented below:

Description	12.31.2023	12.31.2022	Change
Italy	594,931	600,702	(5,771)
Other Countries	892,206	778,485	113,721
<b>Total</b>	<b>1,487,136</b>	1,379,187	107,950

The breakdown of investments by geographic area is presented below:

Description	12.31.2023	12.31.2022	Change
Italy	50,450	42,808	7,643
Other countries	115,106	78,526	36,580
<b>Total</b>	<b>165,557</b>	121,334	44,223

## 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 2023 amounted to Euro 300.1 million.

As at December 31, 2023, receivable and payable transactions between Group companies came to Euro 601.5 million, of which Euro 450.8 million of a financial nature and Euro 150.7 million of a trade nature.

The breakdown of intercompany financial receivables is as follows:

Financial receivables granted by SOL Spa	Euro	253.5 million
Financial receivables granted by AIRSOL BV	Euro	43.0 million
Financial receivables granted by other companies	Euro	154.3 million

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

Purchases from CT BIOCARBONIC GmbH	Euro	4,485 thousand
Amounts due to CT BIOCARBONIC GmbH	Euro	356 thousand
Sales and services to ZDS JESENICE doo	Euro	6,519 thousand
Purchases from ZDS JESENICE doo	Euro	8,420 thousand
Trade receivables from ZDS JESENICE doo	Euro	868 thousand
Amounts due to ZDS JESENICE doo	Euro	422 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	133 thousand
Purchases from CONSORZIO ECODUE	Euro	540 thousand
Trade receivables from CONSORZIO ECODUE	Euro	40 thousand
Amounts due to CONSORZIO ECODUE	Euro	140 thousand
Sales and services to SHANGHAI JIAWEI MEDICAL GAS Co. Ltd	Euro	177 thousand
Purchases from SHANGHAI JIAWEI MEDICAL GAS Co. Ltd	Euro	42 thousand

### COMMITMENTS, GUARANTEES AND POTENTIAL LIABILITIES

The SOL Group obtained sureties totalling Euro 97,042 thousand.

## NET FINANCIAL POSITION

(amounts in thousands of Euro)

	12.31.2023	12.31.2022
A. Cash and cash equivalents	205,627	134,642
B. Cash and cash equivalents	11,022	7,561
C. Other current financial assets	7,033	5,648
<b>D. Liquidity (A + B + C)</b>	<b>223,682</b>	147,851
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(26,990)	(26,503)
F. Current portion of non-current financial debt	(68,528)	(66,391)
<b>G. Current borrowing (E + F)</b>	<b>(95,517)</b>	(92,894)
<b>H. Net current borrowing (G - D)</b>	<b>128,164</b>	54,957
I. Non-current financial debt (excluding the current portion and debt instruments)	(525,982)	(426,604)
J. Debt instruments	0	0
K. Trade payables and other non-current debts	(18,000)	(18,100)
<b>L. Non-current borrowing (I + J + K)</b>	<b>(543,982)</b>	(444,704)
<b>M. Total net borrowing (H + L)</b>	<b>(415,818)</b>	(389,747)

Letter E "Current financial debt" includes Euro 20,438 related to the short-term portion arising from the application of *IFRS 16*, while letter I "Non-current financial debt" includes Euro 53,669 related to the long-term portion.

After deduction of lease portions, net indebtedness amounted to Euro 341,710 thousand (Euro 323,684 as at December 31, 2022).

### 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:

- Reg. (EU) 1407/2013 general de minimis as amended, training vouchers for employees of production activities in the Lombardy region of Euro 8 thousand disbursed to the company VIVISOL Srl
- Italian Law Decree 104/2020 art. 27 Contribution relief for employment in disadvantaged areas - Reduction of social security contributions (South) of Euro 26 thousand disbursed to the company VIVISOL NAPOLI Srl
- CONTRIBUTION OF THE LAZIO REGION OF EURO 4 THOUSAND FOR THE W-SHIELD PROJECT - PUBLIC NOTICE "2019 STRATEGIC PROJECTS" (MANAGING BODY LAZIO INNOVA) PAID TO CRYOLAB Srl
- Contribution from the Marche Region for Progetto Bando Piattaforme of Euro 1,445 thousand (of which Euro 1,220 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 58/98 as amended on 28 December 2017 with resolution no. 20249), it is stated that in the SOL Group there are eight companies based in three 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 2023 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 2023 financial year
External auditing	Deloitte	Parent Company SOL Spa	132
	Deloitte	Subsidiary companies	107
	Deloitte network	Subsidiary companies	294
Quarterly audit	Deloitte	Parent Company SOL Spa	6
	Deloitte	Subsidiary companies	10
	Deloitte network	Subsidiary companies	6
Other services	Deloitte	Parent Company SOL Spa <sup>(1)</sup>	38
	Deloitte	Subsidiary companies <sup>(1)</sup>	10
	Deloitte network	Subsidiary companies	15
<b>Total</b>			<b>619</b>

(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 2023.

## 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 in 2023, as defined by the Communication itself.

## SIGNIFICANT EVENTS THAT TOOK PLACE AT THE END OF THE REPORTING PERIOD AND FORESEEABLE BUSINESS DEVELOPMENTS

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

Monza, March 27, 2024

**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 58/98

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 2023 financial year.

We also certify that:

1. The consolidated financial statements:
  - a) have been prepared under international accounting standards recognised by the European Commission in compliance with (EC) Regulation no. 1606/2002 of the European Parliament and European Council decision 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 27, 2024

**The Managing directors**

(Aldo Fumagalli Romario)

(Marco Annoni)

**Manager in charge of drawing up  
company accounting documents**

(Marco Filippi)

<b>Subject definition</b>	
Name of reporting entity or other means of identification	SOL Spa
Explanation of change in the name of reporting entity or other means of identification from the end of the 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 Group S.p.A. (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, 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 the notes to the consolidated financial statements, including material accounting policy information.

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, 2023, 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.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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### *Recoverability of goodwill*

#### **Description of the key audit matter**

The consolidated financial statements at December 31, 2023 include goodwill amounting to Euro 245,628 thousand.

The above reported asset, as required by IAS 36, is not systematically amortized but is subject to impairment test at least annually.

The Directors carried out an impairment test of the cash generating units (CGUs) to whom the goodwill is allocated, comparing their recoverable amount, assessed on the basis of the value in use, and their carrying amount.

The value in use determined by the Directors is based on assumptions regarding, among others, (i) the estimate of cash flows included in the 2024 budget approved by the Board of Directors of the subsidiaries and the plans which include the projections of the financial and economic results prepared by the management of the companies (ii) the determination of an appropriate discount rate (WACC) and (iii) the estimate of the long-term growth rate (g-rate) for the cash flows beyond the plan explicit period. The determination of the value in use is also based on assumptions influenced by future expectations and external variables, including the evolution of the conditions for their respective markets.

As a result of the impairment test approved by the Board of Directors on March 27, 2024, impairment losses were recognised on the goodwill allocated to the CGUs related to the legal entity under Bosnian law MEL a.d. for Euro 400 thousand and to the legal entity under Italian law Personal Genomics S.r.l. for Euro 859 thousand.

Given the significance of the assets recognized in the consolidated financial statements, the judgement required in the estimates of expected cash flows and of the key assumptions of the impairment test model used for the calculation of the value in use, we considered the recoverability of goodwill a key audit matter of the consolidated financial statements.

Note 9 “Goodwill” of the notes to the consolidated financial statements includes the disclosures on the valuation of goodwill.

#### **Audit procedures performed**

In order to assess the recoverability of the above asset we have preliminary analyzed the process used by Management to determine the recoverable amount of the CGUs, analyzing the methods and assumptions used for the development of the impairment test.

As part of our audit procedures we have, among other things, carried out the following procedures, also involving the support of specialists from our *Network*:

- understanding of the relevant controls implemented by the Group on the impairment test process;





- analyzing the reasonableness of the main assumptions used for developing the expected cash flows together with the collection of other relevant information provided by the Directors;
- analyzing the differences between the actual results and the original plans in order to understand the nature of the deviations and the reliability of the plans preparation process;
- analyzing of the reasonableness of the discount rate (WACC) and long-term growth rate (*g-rate*) in the value in use determination;
- assessing the mathematical accuracy of the model used to determine the value in use of the CGUs;
- analyzing the appropriate determination of the carrying amount of the CGUs, in compliance with the methods used for the estimate of the value in use;
- assessing the sensitivity analysis performed by management;
- assessing the appropriateness of the disclosures provided by the Directors on the impairment test and its compliance with IAS 36.

### **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.
- 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. has appointed us on 12 May 2016 as auditors of the Company for the years from 31 December 2016 to 31 December 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.

### **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, 2023, 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, 2023 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, 2023, 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, 2023 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 are consistent with the consolidated financial statements of SOL Group as at December 31, 2023 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.



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

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

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

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

DELOITTE & TOUCHE S.p.A.

Signed by  
**Matteo Bresciani**  
Partner

Milan, Italy  
April 16, 2024

*As disclosed by the Directors on page 3, the accompanying consolidated financial statements of SOL S.p.A. is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. 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.*







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