

Esselunga Group

Consolidated Financial Statements as at 31 December 2023

Parent Company

Esselunga S.p.A.



Registered office Milan, Via Vittor Pisani 20
Share Capital €100,000,000 fully paid up
Tax Code and Milan, Monza Brianza, Lodi Register of Companies No. 01255720169
Milan R.E.A. No. 1063068

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Management Report

On 16 February 2024, at the building site in Florence, between Via del Ponte di Mezzo, Via Giovanni dei Marignolli, Via Giovanni da Empoli and Via Giovan Filippo Mariti, where the subsidiary La Villata S.p.A. had awarded a contract for the construction of an Esselunga Superstore, a reinforced concrete beam collapsed, collapsing onto the floors of the lower floors, killing five workers of two subcontractors and injuring three others.

The Group expressed deep and immediate condolences, and the Esselunga shops in Florence and province were immediately closed on the day of the accident and on the afternoon of Saturday 17 February.

To the sole shareholder,

Esselunga S.p.A. (hereinafter the ‘Company’ or the ‘Parent Company’) and, together with its subsidiaries the Esselunga Group, (hereinafter also the ‘Group’ or ‘Esselunga’) is mainly engaged in the food sector of Large-Scale Retailing in Italy through a sales network comprising, at 31 December 2023, 189 stores (of which 176 traditional, 12 *laEsse* and 1 ‘Le Eccellenze di Esselunga’) in Lombardy, Liguria, Veneto, Piedmont, Emilia Romagna, Tuscany and Lazio.

In addition, the Group operates 119 bars, 112 of which under the Atlantic banner, 7 *laESSE ones*, and 47 ‘eb’ selective perfumery and beauty service stores.

The Group is also active in the real estate sector, researching, planning and implementing new initiatives that are instrumental to its business activities.

In 2023, the following new openings will take place:

Date	Location	Esselunga Store	Bar Atlantic	EsserBella Perfumery	Urban laEsse	Esselunga Excellence
22-Mar	Albenga	✓				
10-May	Milano, Viale Suzzani		✓			
24-May	Genova, San Benigno	✓	✓			
8-Jun	Montecatini		✓			
6-Sep	Rome, Viale Liegi	✓				
20-Sep	Pistoia, Viale Matteotti		✓			
1-Oct	Turin, Corso Bramante			✓		
15-Nov	Cascina Merlata	✓	✓	✓		
18-Dec	Milan, Viale Teodorico		✓		✓	
20-Dec	Milan, Via Rubattino		✓			
Total		4	7	2	1	0

As of 31 December 2023, the Milan Via Monte Rosa shop was closed for renovation and expansion. We expect to open by April 2024.

We also announce the opening on **24 January 2024** of EsselungaLab in Milan in the new “*MIND*” district, Milan Innovation District, developed on the Expo 2015 site.

It is an innovative laboratory of services, technology and experimentation for the Esselunga of the future.

The Non-Financial Statement (NFS) included in this management report, which exceeds legal obligations, aims to demonstrate the Group’s strong focus on relevant issues and its stakeholders, such as innovation, quality of raw materials and product safety, protection of the environment, the working conditions of its employees and collaborators.

In July 2023, the Company published its 2022 Sustainability Report.

The 2023 Sustainability Report will be published in 2024.

Major events in the 2023 financial year

Investigation by the Milan Prosecutor's Office

In 2023, Esselunga was involved in investigations under Legislative Decree 231/2001 for the administrative offence of allegedly making fraudulent declarations by using invoices or other documents for transactions considered legally non-existent, due to the conclusion of procurement contracts considered to be fictitious in that they allegedly related to the supply of labour in the logistics sector.

The Company, assisted by its lawyers, undertook, with the help of a leading consulting firm, a plan aimed at preventing the occurrence of situations similar to those under investigation.

The plan is developing along four lines:

1. the due diligence activity consisting in the reputational, contributory, remuneration and tax verification of service providers in the fields of logistics, transport, e-commerce, surveillance ("non-commercial providers"), with whom contractual relationships are already in place. At the date of these financial statements, this activity is nearing completion;
2. the rationalisation of the supplier base consisting of the replacement of non-compliant suppliers and the identification of new service providers. This activity is also nearing completion;
3. strengthening and redesigning the management process of qualification, verification and monitoring of non-commercial suppliers. It is planned that this process will be at full speed at the beginning of the second half of 2024;
4. the internalisation of workers in the production, e-commerce and processing centre sectors. The internalisation process in these areas started in January 2024 with the expectation that it will be completed in the first half of the current year.

In September 2023, the Company paid the disputed VAT amounting to EUR 47.7 million using the special favourable regime under Article 1, paragraph 174 et seq. of Law No. 197 of 29.12.2022 (Budget Law 2023), which was due to expire on 30 September 2023.

In December 2023, again as part of the same proceedings, INPS initiated an audit to determine the employment, social security and contribution records of the workers of the contractors involved in the case.

Intermediate indicators

To facilitate an understanding of its financial and operating data, the Group uses common indicators, which are not however envisaged under EU IFRS.

In particular:

- the income statement shows:
 - **EBITDA**
- The statement of financial position shows:
 - **Net invested capital**
 - **Net Working Capital**
 - **Net Financial Position**

These amounts can be reconciled with the **Consolidated Financial Statements'** balances as of 31 December 2023.

The indicators used by the Group are not defined in the accounting principles adopted; as such, the definitions used by the Group may not be consistent with those specified by other companies or groups, thus preventing their comparability.

For clarity, it was considered preferable to indicate all amounts in rounded figures; as a result, in some statements, the totals may differ slightly from the sum of the amounts they comprise.

2023 operating performance and competitive environment

- In 2023 the **change in GDP** was **+0.9%** (source: ISTAT).
- **The national consumer price index⁽¹⁾** of 31 December recorded **an increase of 5.4%** on an annual basis (source: ISTAT).
⁽¹⁾ national consumer price index for blue- and white-collar households, net of tobacco (FOI)
- The Group's revenue increased by 5.5% to €9,325.8 million.
- In 2023 the **omnichannel GDO market** in Italy (hereinafter "the Market" and including hyper, super, discount, self-service, *e-commerce*) **grew by 7.8%** compared to 2022.
- **Customers** grew in number by 1.0% compared to 2022.
- **The average sales inflation** was 7.2% against **average list price** increases by suppliers of 7.1%.
- **Competitive pricing was maintained:**
 - -0.7% in *the Trading Area* (Source Nielsen);
 - -0.9% in the domestic market (Source Nielsen).
- During 2023, 4 Esselunga, 1 *LaESSE*, 7 Atlantic bars and 2 eb perfumeries were opened.
- Investments **net of operating leases (IFRS 16)** amount to **Euro 448.5million (Euro 377.4 million in 2022)**.
- The **average workforce** is 25,291 people.
- On 25 October 2023, the **bond loan** of Euro 500 million issued in 2017 (duration 6 years) was repaid in full;
- The **Net Financial Position** and the **adjusted one** are shown in the following table:

Net Financial Position <i>(millions of Euros)</i>	31.12.2023	31.12.2022
Net Financial Position	(1,967.7)	(1,915.0)
- Payable IFRS 16 Leases	499.4	467.5
+ Fidaty Gold Customer Receivables	57.8	59.5
Adjusted Net Financial Position	(1,410.5)	(1,388.0)

Income statement results

The percentages shown in the table, apart from the one indicated in the line 'Total sales', are calculated on the value of Sales.

In light of the extraordinary events described in the **Milan Prosecutor's Office Investigation** chapter, to facilitate a more representative reading of the management performance, the quantity called **recurring EBITDA** was introduced, which does not include the charges relating to the aforementioned chapter and other costs related to the affair.

The item Non-recurring items includes disputed VAT, disputes with some suppliers under contract and with some employees of the above-mentioned suppliers, costs related to risks related to social security contributions, and costs related to professionals who assisted the Group in the dispute and in the above-mentioned remedial plan.

Income statement (millions of Euros)	2023		2022	
	Amounts	%	Amounts	%
Total sales	9,325.8	5.5%	8,835.5	3.2%
Sales adjustments (1)	(181.7)		(217.9)	
Net revenue	9,144.1		8,617.5	
Net costs for goods and raw materials	(6,313.1)		(6,033.3)	
Other operating costs, other revenues	(1,023.3)		(1,010.1)	
Personnel costs	(1,108.6)		(1,072.8)	
Recurring EBITDA	699.0	7.5%	501.4	5.7%
Non-recurring items	(77.1)		-	
EBITDA	622.0	6.7%	501.4	5.7%
Amortisation and depreciation	(384.0)		(359.2)	
Provisions, write-ups and write-downs of fixed assets	1.2		(9.0)	
Capital gains/losses on non-current assets	1.1		0.6	
Operating profit	240.3	2.6%	133.8	1.5%
Net financial income (expense)	(64.2)		(52.5)	
Income (expenses) from equity investments	(0.1)		(0.0)	
Profit before taxes	175.9		81.3	
Income taxes	(57.3)		(17.5)	
Net result	118.7	1.3%	63.8	0.7%
Net profit (loss) attributable to the Group	118.7		58.6	
Net profit (loss) attributable to minority interests	-		5.2	

- (1) It should be noted that, in accordance with IFRS 15, deferred revenue for prize-giving events (accepted in the line "Sales adjustments"), as part of the loyalty plans granted by the Group to its customers, are recognized on the basis of *fair value*. The aforementioned valuation method led, compared to cost valuation, to an improvement in results equal to €2.7 million in 2023 (a worsening of €1.1 million in 2022).

Sales growth of **+5.5%** (+3.2% in 2022) was generated by an increase in sales of Esselunga, Atlantic bars and eb perfumeries.

This increase is the result of the reduction in food consumption and the concomitant price growth that occurred in the market in 2022 and continued in 2023.

The **economic performance** of 2023 confirms the income capacity that the Group has achieved in recent years, with the exception of 2022, a year of strong inflation in which it was decided not to penalise customers by adopting a particularly advantageous pricing policy (6 months of prices blocked with the campaign "*Even when the cost of living rises, our prices are beyond compare*").

This reflects positively on the **recurring EBITDA**, which in 2023 amounted to Euro **699.0 million (7.5%)**, an increase compared to €501.4 million (5.7%) in 2022. In fact, the trade margin returned in line with the years before 2022, ensuring the usual competitiveness in sales prices and a balance with the price lists received from suppliers (sales inflation 7.2%, purchase inflation 7.1%).

Structural costs increased due to both inflation and the Group's physiological growth in size. We report a partial slowdown in energy costs after two years of strong increases.

Operating profit amounted to € **240.3 million (2.6%)**, up from € 133.8 million (1.5%) in 2022.

We point out that this result includes non-recurring items totaling Euro 77.1 million for the aforementioned **Milan Prosecutor's Office investigation**, without which the operating result would have been equal to **3.4%** of sales.

Net financial income (expenses) amounted to € **-64.2 million**, up compared to - **52.5 million** in 2022.

This increase is mainly attributable to:

- the increase in interest rates: average borrowing rate 2023 2.10% (in 2022 1.57%), limited growth due to hedges from *interest rate swap* contracts;
- charges relating to the loan signed for the purchase of 32.5% of La Villata treasury shares from Unicredit in June 2022.
- other finance expenses including those mentioned in the paragraph **Investigation by the Milan Prosecutor's Office**
- the increase in financial expenses related to operating leases (IFRS 16).

Income taxes amount to € **-57.3 million** (effective taxation of 32.55%) compared to € -17.5 million in 2022 (21.54%). Please refer to the **Notes** to the **consolidated financial statements for an analysis of the impact of effective taxation on the Group's income**.

Net Profit amounted to € **118.7 million (1.3%)** compared to € 63.8 million (0.7%) in 2022.

Statement of financial position and cash flow information

Reclassified statement of financial position (millions of Euros)	31.12.2023	31.12.2022	Change
Property, plant and equipment	5,040.5	4,914.1	126.4
<i>of which ROU for IFRS 16 Leases</i>	<i>465.0</i>	<i>437.5</i>	<i>27.6</i>
Real estate investments	106.2	117.6	(11.4)
Intangible assets	187.9	178.3	9.5
Goodwill	6.6	6.6	-
Equity investments	3.2	1.5	1.7
Other non-current financial assets	2.2	2.9	(0.7)
Fixed assets	5,346.5	5,221.0	125.5
Other non-current assets and liabilities	(11.3)	(25.8)	14.4
Net working capital	(1,280.5)	(1,300.3)	19.8
Provision for employee severance indemnity (T.F.R.) and	(119.4)	(107.1)	(12.3)
Net invested capital	3,935.2	3,787.8	147.4
Equity attributable to owners of the parent	1,967.5	1,872.8	94.8
Net Financial Position	1,967.7	1,915.0	52.6
<i>of which payable for IFRS 16 Leases</i>	<i>499.4</i>	<i>467.5</i>	<i>31.9</i>
Own funds and financial liabilities	3,935.2	3,787.8	147.4

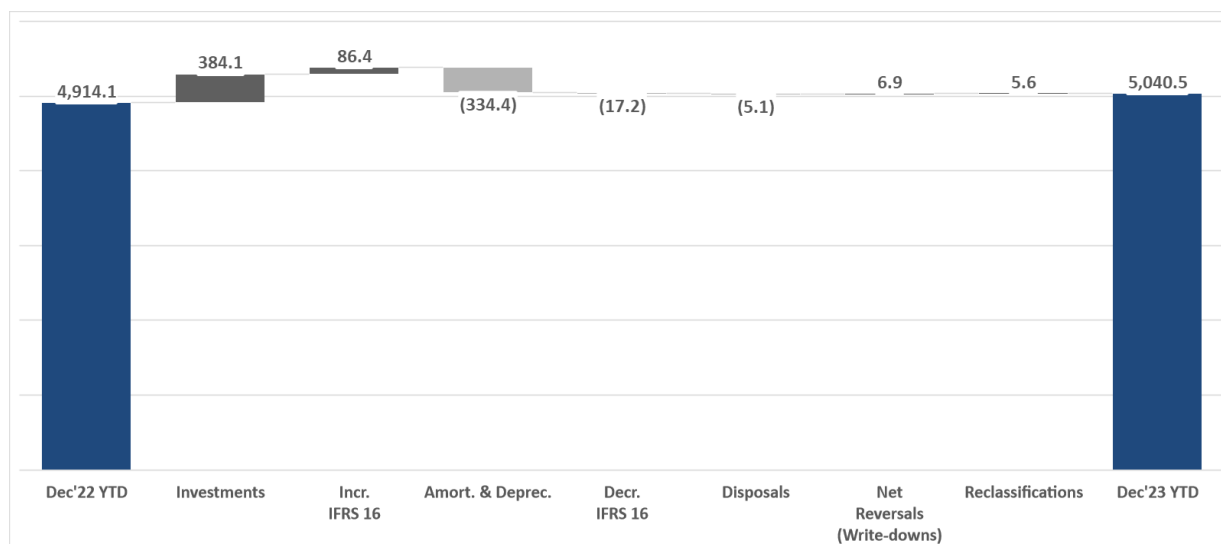
The items “ROU for IFRS 16 *Leases*” and “debt for IFRS 16 *Leases*” refer exclusively to operating lease contracts.

Below is a comment on the above items.

Fixed assets

Property, plant and machinery

The net increase of a total of € 126.4 million is detailed in the movements below:



Investments in property, plant and machinery of €384.1 million refer to the following activities:

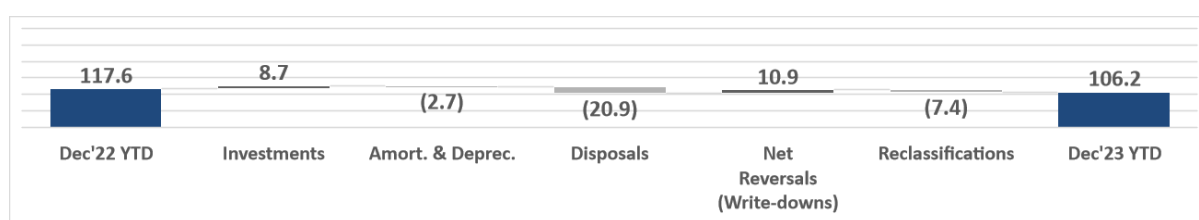
- €55 million for the set up of the new stores opened in 2023;
- modernisation and conservation of existing shops (€ 85.5 million);

- €180.0 million for the purchase and development of areas dedicated to the opening of new stores.
- purchase, modernisation and preservation of logistics centres and premises (€ 57.8 million);
- interventions on the *e-commerce* network (€5.8 million).

Net writebacks (write-downs) mainly refer to the restoration of value due to the disappearance of the conditions that had determined the write-down in previous years.

Investment property

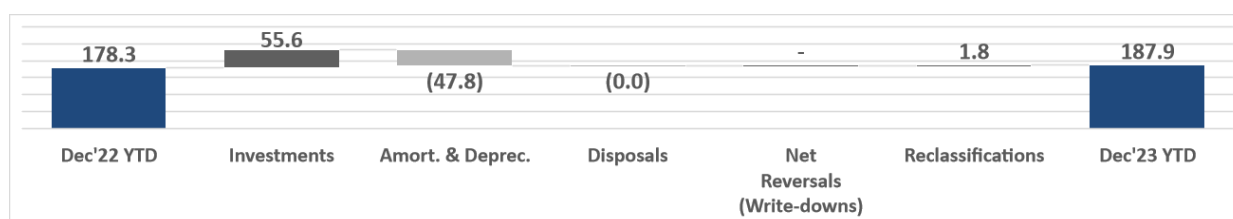
The item investment property refers to land or buildings not intended for use in the Group's ordinary activities. The decrease of 11.4 million is detailed in the movements below:



Net write-backs (write-downs) during the year mainly refer to the release of the provision for write-down relating to the sale of a property as well as to the alignment of the net carrying amount of investment property to the fair value.

Intangible assets

The net increase of a total of €9.6 million is detailed in the movements below:



The investments mainly refer to software functional to the improvement of the Group's IT infrastructure and other costs.

Other non-current financial assets

They relate to medium- to long-term financial investments.

Other non-current assets and liabilities

The main elements of this item appear in the table below:

Other non-current assets and liabilities (millions of Euros)	31.12.2023	31.12.2022	Change
Net deferred tax assets and liabilities	43.5	33.7	9.8
Non-current deferred revenue for prize promotions	(62.7)	(70.5)	7.8
Other non-current assets (liabilities)	7.9	11.0	(3.2)
Total	(11.3)	(25.8)	14.4

The item **net deferred tax assets** includes the effects of deferred taxation calculated on the temporary differences arising primarily from risk provisions, non-deductible write-downs and the different tax-deductibility rules for amortisation and depreciation compared to depreciation/amortisation recognised in the income statement.

The item deferred revenues for non-current prize events refers to the value of prizes measured at the fair value of the Fidaty campaign that are estimated to be redeemed by customers after 12 months the reference date of this Financial Statement.

Net Working Capital

The main elements of this item appear in the table below:

Net Working Capital (millions of Euros)	31.12.2023	31.12.2022	Change
Inventories	581.2	550.1	31.1
Trade receivables	266.9	230.2	36.7
Current tax receivables	4.9	34.5	(29.6)
Other current assets	48.3	55.7	(7.4)
Trade payables	(1,711.6)	(1,747.8)	36.3
Deferred revenue for prize-giving promotions	(114.1)	(93.5)	(20.6)
Current tax payables	(35.9)	(13.9)	(22.0)
Other current liabilities	(320.2)	(315.6)	(4.6)
Total	(1,280.5)	(1,300.3)	19.8

The increase in **inventories** is mainly attributable to the inflationary effect, which led to an increase in the value of suppliers' price lists, and a quantity effect resulting from the expansion of the sales network.

The change in **trade receivables** and **trade payables** must be read together taking into account the contractually provided financial compensation.

Direct tax receivables (payables) include the recognition of the tax liability for the period, net of the receivable resulting from the payment of advances.

The **other current assets** decreased mainly due to the movement of the tax credit on the consumption of electricity and gas and also include prepaid expenses relating to costs for the use of third-party assets, insurance, advertising, repairs and maintenance, already paid but not pertaining to the period.

Current deferred revenue for prize-giving promotions represents the fair value of rewards that are expected to be earned within twelve months after the balance sheet date.

Other current liabilities are detailed in the following table:

Other current liabilities <i>(thousands of Euros)</i>	31.12.2023	31.12.2022	Change
Payables to employees	(102.1)	(95.1)	(7.1)
Payables to social security institutions <12	(71.8)	(66.6)	(5.2)
Payables to customers for prepaid cards	(77.9)	(103.3)	25.4
Current tax payables	(24.9)	(27.3)	2.4
Receivables (Payables) for indirect taxes	(27.0)	(1.4)	(25.6)
Other payables	(16.5)	(21.9)	5.4
Total	(320.2)	(315.6)	(4.6)

Payables to staff mainly include the accrual of the 14th month, holidays, leave and related social security charges.

The decrease in **debts to customers for prepaid cards** is attributable to lower collections due to lower sales of these cards and greater use in 2023 by customers. We would point out that the sale of prepaid cards at the end of 2022 had increased significantly, mainly as a result of the raising of the tax and contribution exemption threshold for remuneration in kind paid to employees to €3,000 (Decree-Law No. 176 of 18 November 2022, so called. “Aid-quater” Decree).

Current tax payables mainly include IRPEF (€20.1 million).

Payables for indirect taxes refer to the VAT position with the tax authorities.

The **other payables** mainly refer to deferred income relating to revenues from promotional activities, other payables to non-profit organisations of social utility and commissions to be paid to credit institutions for the use of electronic collection forms.

Provision for employee severance indemnities (TFR) and provisions for risks and charges

The provision for severance indemnities (TFR) decreased by €0.1 million mainly due to the settlements during the year.

Provisions for risks and charges:

- increased by €23.9 million, mainly due to risks related to contracts awarded to third-party suppliers (including costs related to the events described in the section **on the Milan Public Prosecutor's Investigation**), social security contributions and charges related to certain initiatives in the real estate sector;
- decreased by €11.5 million due to uses due to payments to settle past liabilities and releases due to the lapse of certain risks.

Shareholders' Equity

The increase of €94.8 million is mainly due to the following impacts:

- increase due to the recognition of profit for the period (€118.7 million);
- decrease due to adjustment of the cash flow hedge reserve (-€22.6 million), which includes changes in the fair value of derivative financial instruments hedging the variability of interest rates on loans payable, net of the related tax effect;
- decrease due to the recognition of actuarial losses on employee severance indemnities net of the related tax effect (€1.3 million).

Net Financial Position

The Net Financial Position as of 31 December 2023 is negative and amounts to €1,967.7 million (€1,915.0 million as of 31 December 2022). Below is the inclusive detail also of the *adjusted* Net Financial Position:

Net Financial Position (millions of Euros)	31.12.2023	31.12.2022
Cash and cash equivalents	268.3	666.0
Accrued interest income on current accounts and other	2.4	0.1
Corporate bond expiry 2023	-	(499.2)
Corporate bond expiry 2027	(497.0)	(495.8)
Acquisition facility - loan	(773.2)	(770.5)
La Villata loan	(111.1)	(154.7)
Payables for Drawn Credit Lines	(161.5)	-
Derivati - Fair Value IRS Acquisition Facility	45.9	75.3
Derivatives - Fair Value IRS La Villata Loan	1.6	3.3
Current and non-current financial payables - leases	(242.9)	(271.0)
Financial payables to parent company (Superit S.r.l.)	(1.0)	(1.0)
Payable IFRS 16 Leases	(499.4)	(467.5)
Net Financial Position	(1,967.7)	(1,915.0)
exclusion Debt IFRS 16 Leases	499.4	467.5
inclusion of Credits to Fidelity Oro customers	57.8	59.5
Adjusted Net Financial Position	(1,410.5)	(1,388.0)

The following table shows the maturities of financial assets and liabilities:

(millions of Euros)	31.12.2023				
	Up to 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Fair Value Derivato	22.5	0.0	25.0	0.0	47.5
Financial receivables	2.4	0.0	0.0	0.0	2.4
Bonds	-1.7	0.0	-495.2	0.0	-497.0
Medium-long term bank loans	-209.9	-45.0	-790.8	0.0	-1,045.7
Current and non-current financial payables (leases)	-24.7	-22.6	-68.3	-127.2	-242.9
Payable IFRS 16 Leases	-45.3	-38.2	-92.9	-322.9	-499.4
Loans payable to parent companies	-1.0	0.0	0.0	0.0	-1.0
Total	-257.8	-105.8	-1,422.4	-450.1	-2,236.0

At the scheduled maturity date of 25 October 2023, the Group repaid the principal amount of the bond issued in 2017 (six-year term) in full, using cash and cash equivalents and cash elasticity instruments (credit lines).

The debt item for IFRS 16 Leases refers exclusively to operating lease contracts.

To ensure better comparability of data, especially those regarding loan activities, the net cash flow for the period is provided below:

Consolidated cash flow statement <i>(millions of Euros)</i>	2023	2022
Net income (expense) for the period	118.7	63.8
Taxes	57.3	17.5
Net Finance expense	64.3	52.5
Amortisation and depreciation	384.0	359.2
Write-downs	(1.2)	9.0
Capital Gains and Losses	(1.1)	(0.6)
EBITDA	622.0	501.4
Provisions	21.4	12.0
Inventory Variation	(31.1)	(73.1)
Trade receivables and trade payables	(104.9)	218.2
Net change in other receivables/payables and other assets/liabilities	20.6	65.7
Changes in other operating assets and liabilities	(115.4)	210.9
Payment of employee benefits and use of funds	(9.3)	(18.4)
Payment of taxes	(3.5)	(7.3)
FLOW OF NFP OPERATING ACTIVITY (A)	515.1	698.6
Acquisitions/disposals of fixed assets	(471.7)	(381.5)
Investments in financial assets <i>of which for purchase 32.5% La Villata</i>	(1.1) -	(436.3) (435.0)
FLOW OF NFP INVESTMENT ACTIVITY (B)	(472.8)	(817.9)
Financial income (expense)	(95.0)	25.1
Dividends ⁽²⁾	-	(44.2)
NFP CASH FLOW FROM FINANCING ACTIVITIES	(95.0)	(19.1)
CASH FLOW FOR THE PERIOD (A+B+C)	(52.6)	(138.3)
NET DEBT AT BEGINNING OF PERIOD	(1,915.0)	(1,776.7)
NET DEBT AT END OF PERIOD	(1,967.7)	(1,915.0)

⁽¹⁾ In 2022 it included the positive effect of €74.3 million relating to the *fair value* of *Interest Rate Swap* derivative financial instruments, to hedge the risk of fluctuation in variable rates relating to existing loans.

⁽²⁾ In 2022, the effect of the pro-rata temporis dividend relating to 2022 (amounting to €9.2 million) and distributed to Unicredit as part of the Purchase of 32.5% of La Villata treasury shares from Unicredit (the total impact of which amounts to €444.2 million) was included in the line "Dividends".

The Cash Flow from Investing Activities under the item " Acquisitions/Disposals of Fixed Assets" also includes the Right of Use (ROU *Right of Use*) related to the application of IFRS 16 Leases.

Financial ratios

The Return on Investments (ROI) indicator is shown in the table below and compares the Operating Profit with the (average) Net Invested Capital to represent profitability and the economic efficiency of ordinary operations.

ROI (millions of Euros)	2023	2022
Operating profit	240.3	133.8
Invested Capital (average)	3,861.5	3,893.3
ROI	6.2%	3.4%

The *leverage* ratio compares Net Financial Position to EBITDA to represent the Company's ability to repay its debts.

The *coverage* ratio compares the EBITDA with net finance expense to represent the liquidity surplus after remunerating debt capital.

The leverage and coverage ratios are shown in the table below.

<i>Leverage and Coverage</i> (millions of Euros)	31.12.2023	31.12.2022
Net Financial Position	(1,967.7)	(1,915.0)
EBITDA	622.0	501.4
<i>Leverage</i>	3.2	3.8
EBITDA	622.0	501.4
Net finance expense	(64.2)	(52.5)
<i>Coverage</i>	9.7	9.5

Financial risk management

The main risk categories are described below.

Credit risk

Credit risk represents the Company's exposure to potential losses arising from business and financial counterparties failing to meet their obligations.

The Group's maximum exposure to credit risk as at 31 December 2023 is the book value of the financial assets reported in the financial statements, as shown in the table below:

<i>(millions of Euros)</i>	31.12.2023	31.12.2022	Change
Other non-current financial assets	2.7	3.4	(0.7)
Non-current financial assets measured at Fair value	25.0	57.6	(32.6)
Other non-current assets	9.7	12.8	(3.1)
Trade receivables	269.0	231.1	37.9
Current tax receivables	4.9	34.5	(29.7)
Other current assets	49.1	58.4	(9.3)
Current financial assets measured at Fair value	22.6	21.0	1.6
Other current financial assets	2.5	0.1	2.3
Total gross amount	385.4	419.0	(33.6)
Provision for doubtful receivables	(3.5)	(4.1)	0.7
Total net amount	382.0	414.8	(33.0)

Other non-current financial assets mainly comprise the participation in an investment property fund and other minor investments.

Non-current and current financial assets measured at *Fair Value* include the positive fair value of "Interest Rate Swap" derivatives, to hedge the risk of fluctuations in variable rates relating to the loan taken out for the acquisition of 30% of Supermarkets Italiani S.p.A. and the amortising loan taken out by La Villata as part of the **Purchase of 32.5% of own shares from Unicredit**. The fair value of these instruments amounted to €47.6 million as at 31 December 2023 (€78.6 million as at 31 December 2022).

Non-current assets mainly include VAT receivables from the tax authorities for security deposits given for leases and utilities, tax receivables, related primarily to VAT receivables, which, overall, constitute a low level of credit risk. The Group is implementing the measures necessary to collect the aforementioned receivables.

Concerning trade receivables, there is no appreciable concentration of credit risk. Current tax receivables refer to IRES receivables from the tax consolidating Company Superit S.r.l. and IRAP receivables from the tax authorities.

Other current assets mainly include tax receivables from the tax authorities, which present a low credit risk overall.

Current financial assets mainly include accrued interest on bank current accounts.

The following table provides the breakdown of receivables as at 31 December 2023 by category and by number of days past due:

(millions of Euros)	31.12.2023					
	Not yet due	Days past due				Total
		0 - 30	31 - 60	61 - 90	> 90	
Other non-current financial assets	2.2	-	-	-	0.5	2.7
Non-current financial assets measured at Fair value	25.0	-	-	-	-	25.0
Other non-current assets	9.7	-	-	-	-	9.7
Trade receivables	188.6	64.1	9.0	2.0	5.3	269.0
Current tax receivables	4.9	-	-	-	-	4.9
Other current assets	48.3	-	-	-	0.9	49.1
Current financial assets measured at Fair value	22.6	-	-	-	-	22.6
Other current financial assets	2.5	-	-	-	-	2.5
Total gross amount	303.6	64.1	9.0	2.0	6.7	385.4
Provision for doubtful receivables	-	-	-	-	(3.5)	(3.5)
Total net amount	303.6	64.1	9.0	2.0	3.3	382.0

Past due receivables as at 31 December 2023 amounted to a total of €81.8 million, while the allowance for doubtful receivables is estimated at €3.5 million.

It should be noted that the overdue receivables, net of those subject to devaluation, at the date of drafting these Financial Statements were almost entirely collected during 2024.

Liquidity risk

Liquidity risk is associated with the ability to meet commitments arising from financial liabilities. Prudent management of liquidity risk requires that an adequate level of cash and cash equivalents and short-term securities be maintained, as well as the availability of funds that can be obtained through adequate credit lines.

Liquidity risk is managed by the Group by implementing constant monitoring of the financial position through the preparation of appropriate reports on both forecast and actual cash flows.

Please note that:

- In August 2021, Esselunga entered into three non-revocable revolving sustainability-linked credit line agreements with leading banks for €300 million maturing in August 2026. At 31 December these credit lines had been used for 160 million;
- In June 2022, Esselunga entered into three contracts for three non-revocable *revolving* credit lines with leading banks for €300 million maturing in June 2027. As at 31 December, these credit lines were undrawn.

The following table provides a breakdown of liabilities by maturity as at 31 December 2023.

The maturity ranges are determined based on the year between the reporting date and the contractual maturity of the obligations including accrued interest as at 31 December in every period. Interest was calculated based on the contractual terms of the loans:

(millions of Euros)	31.12.2023				
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Bonds	9.4	9.4	518.8	-	537.5
Medium-long term bank loans	227.1	63.7	819.4	-	1,110.3
Finance lease payables (current and non-current)	30.9	29.3	83.4	138.7	282.4
Payable IFRS 16 Leases	63.5	50.6	124.5	395.0	633.6
Other non-current liabilities	-	0.0	0.0	1.8	1.8
Trade payables	1,711.6	-	-	-	1,711.6
Current tax payables	35.9	-	-	-	35.9
Other current liabilities	320.2	-	-	-	320.2
Total	2,398.7	153.0	1,546.2	535.5	4,633.3

Market risk

In carrying out its activities, the Group is potentially exposed to the following market risks, which are managed centrally by the Parent:

- Risk for product quality

As regards product quality, the Quality Management Department follows a rigorous control and qualification programme regarding suppliers and (internal and external) production processes, both in the launching stages of a new product and at later stages when the product is already on the shelf.

- Regulatory risk

Regulatory risk consists of bureaucratic delays in obtaining permits to open new stores or expand existing ones. This essentially translates into lack of sales revenue while capital expenditures have already been made.

- Risk of price fluctuations

Given the industry in which the Group is engaged, the predominant price risk is related to fluctuations in the purchase price of goods for resale. Managing these risks is an integral part of commercial policies aimed at, inter alia, limiting the impact of purchase price fluctuations on end customers.

- Risk of exchange rate fluctuations

Sales revenues and purchase costs for goods and products are mostly denominated in euros. In addition, financial assets and liabilities are denominated in Euros. The Group is therefore not exposed to significant currency risks.

- Risk of interest rate fluctuations

The risk of interest rate fluctuations to which the Group is exposed arises from financial payables and receivables. The Group's fixed-rate debt exposes it to a risk associated with changes in the fair value of the debt driven by market fluctuations of the reference rates. The Group's floating rate debt exposes it to a cash flow risk from interest rate volatility.

The Group's financial debt consists of debenture loans, finance leases and loans.

Financial liabilities at variable interest rates as at 31 December 2023 amounted to 18% of the total, considering that the Group has derivative financial instruments of an interest rate swap nature.

- Climate risk

The Group is aware that the production and distribution of goods impact the environment; over time it has developed technical skills in the control and direct management of environmental issues in order to combat climate change, reducing greenhouse gas emissions and minimising the climate risks to which its business is exposed. For further details, please refer to the **Consolidated Non-Financial Report**.

Capital risk

The Group's objective in managing capital risk is to maintain an optimal capital structure to reduce the cost of debt.

The Group monitors its capital based on the ratio of its Net Financial Position to net invested capital (gearing ratio). Net Financial Position is calculated as total debt, including current and non-current loans and net borrowings from banks. Net Invested Capital is calculated as the sum of Shareholders' Equity and the Net Financial Position. The *gearing ratio* as at 31 December 2023 and 31 December 2022 is presented in the table below and compares the Net Financial Position and the Net Invested Capital to represent the financial strength of the Company and their use of third-party funds. The 2023 index shows that own funds finance 50.0% of the net invested capital.

<i>(millions of Euros)</i>	31.12.2023	31.12.2022
Cash and cash equivalents	268.3	666.0
Financial receivables	2.5	0.1
Current financial assets measured at Fair value	22.6	21.0
Non-current financial assets measured at Fair value	25.0	57.6
Current and non-current financial liabilities	(2,286.0)	(2,659.7)
Net Financial Position	(1,967.7)	(1,915.0)
Shareholders' Equity	1,967.5	1,872.8
Net invested capital	3,935.2	3,787.8
<i>Gearing ratio</i>	50.0%	50.6%

Business Crisis Code

We inform you that pursuant to Article 2086 of the Italian Civil Code, as amended by Legislative Decree 14/2019, issued in implementation of Enabling Law 155/2017, the Group has an organisational, administrative and accounting structure appropriate to the nature and size of the business, capable of foreseeing and promptly detecting any signs of crisis through the constant monitoring of the economic/asset balances and prospective economic/financial flows to ensure the protection of assets and business continuity.

Performance of the Separate Financial Statements of Esselunga S.p.A.

The financial statements of the parent company Esselunga S.p.A., prepared in accordance with EU IFRS, show a net profit of €129.0 million as at 31 December 2023, compared to a net profit of €37.6 million in 2022.

Below are the equity and financial data, the economic results and the net financial position of the Company.

Statement of financial position and cash flow information

Reclassified statement of financial position (millions of Euros)	31.12.2023	31.12.2022	Change
Property, plant and equipment	5,129.4	5,011.9	117.6
<i>of which ROU for IFRS 16 Leases</i>	<i>1,474.2</i>	<i>1,404.1</i>	<i>70.1</i>
Real estate investments	93.0	102.2	(9.2)
Intangible assets	220.1	210.8	9.3
Goodwill	-	-	-
Equity investments	1,130.4	1,024.6	105.7
Other non-current financial assets	1.2	1.3	(0.1)
Fixed assets	6,574.2	6,350.9	223.3
Other non-current assets and liabilities	50.6	27.8	22.7
Net working capital	(1,257.7)	(1,285.6)	27.9
Provision for employee severance indemnity (T.F.R.) and provisions for risks and charges	(118.9)	(106.7)	(12.2)
Net invested capital	5,248.2	4,986.4	261.8
Shareholders' Equity	2,200.8	2,099.5	101.3
Net Financial Position	3,047.4	2,887.0	160.4
<i>of which payable for IFRS 16 Leases</i>	<i>1,661.1</i>	<i>1,574.3</i>	<i>86.8</i>
Own funds and financial liabilities	5,248.2	4,986.4	261.8

Income statement results

Income statement (millions of Euros)	2023		2022	
	Amounts	%	Amounts	%
Total sales	9,220.0	+5.4%	8,751.7	+2.9%
Sales Adjustments	(181.4)		(217.5)	
Net revenue	9,038.6		8,534.2	
Net costs for goods and raw materials	(6,285.6)		(6,008.8)	
Other operating costs, other revenues	(1,087.7)		(1,000.9)	
Personnel costs	(1,057.8)		(1,030.3)	
EBITDA	607.5	6.6%	494.2	5.6%
Amortisation and depreciation	(397.5)		(367.7)	
Provisions, write-ups and write-downs of fixed assets	2.2		(6.8)	
Capital gains/losses on non-current assets	1.1		3.2	
Operating profit	213.3	2.3%	122.9	1.4%
Net financial income (expense)	(103.0)		(91.0)	
Income (expenses) from equity investments	58.1		6.6	
Profit before taxes	168.4		38.5	
Income taxes	(39.3)		(0.9)	
Net result	129.0	1.4%	37.6	0.4%

Net Financial Position

Net Financial Position at end of period (millions of Euros)	31.12.2023	31.12.2022
Cash and cash equivalents	252.7	599.3
Corporate bond expiry 2023	-	(499.2)
Corporate bond expiry 2027	(497.0)	(495.8)
Acquisition facility - loan	(773.2)	(770.5)
Payables for Drawn Credit Lines	(161.5)	-
Derivati - <i>Fair Value IRS Acquisition Facility</i>	45.9	75.3
Current and non-current financial payables - leases	(228.2)	(253.1)
Other current financial assets and liabilities	(25.0)	31.3
Payable IFRS 16 Leases	(1,661.1)	(1,574.3)
Net Financial Position	(3,047.4)	(2,887.0)
- Payable IFRS 16 Leases	1,661.1	1,574.3
+ Fidaty Gold Customer Receivables	57.8	59.5
Adjusted Net Financial Position	(1,328.5)	(1,253.3)

For the description and comments on the various items contained in the tables above, please refer to what was previously commented on the data relating to the Consolidated Financial Statements and to the subsequent comments contained in the [Notes to the Consolidated Financial Statements](#).

Group profile



In Milan, in 1957, the first Italian supermarket opened in Viale Regina Giovanna, thanks to the initiative of Nelson Rockefeller, an American financier and politician, and some Italian entrepreneurs, including Bernardo Caprotti. This was the beginning of the story of Esselunga, which, with a network as of 31 December 2023 of 176 *supermarkets* and 1 '*Le Eccellenze di Esselunga*' *superstores*, in Northern and Central Italy, is now one of the leading chains in the large-scale retail sector. With its factories and processing centres in Limoto di Pioltello, Biandrate and Parma, Esselunga has over time become a true *food company*, committed to producing food products under its own brand name. The offer for customers is completed by the *e-commerce* sales channel and the presence of lockers for collecting groceries.



laESSE is the innovative shopping experience by Esselunga and has 12 stores as of 31 December 2023. The format envisages a supermarket for everyday shopping for quick and easy shopping. In some cases, there is also a bar with a kitchen where it is possible to eat freshly prepared meals, try Elisenda pastry products and use the co-working spaces. The offer is completed, in some stores, by the presence of the locker for collecting the shopping.



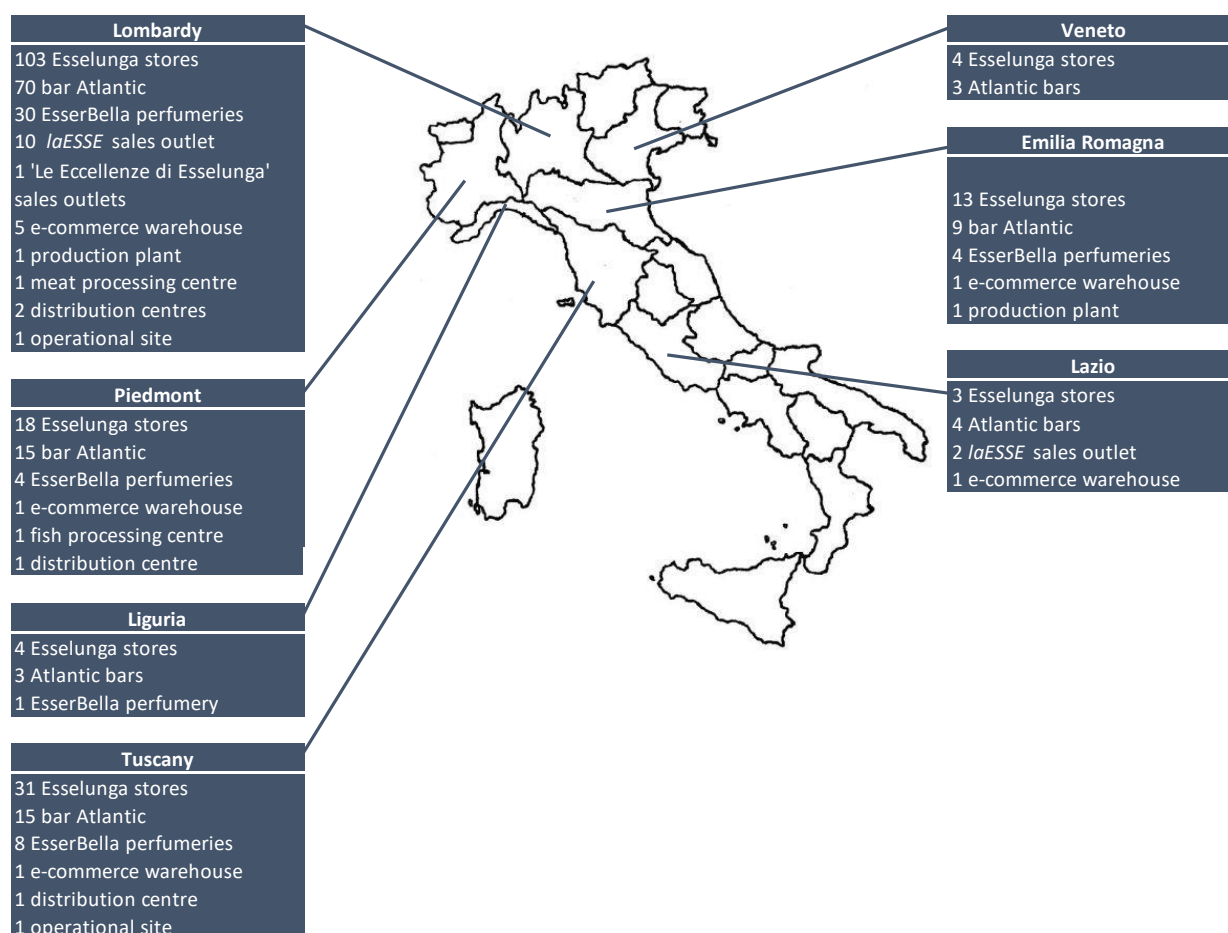
As of 31 December 2023, the 119 Atlantic Bars are well established on the catering scene and among the first in Italy in their sector. Atlantic Bars offer a full catering service: breakfasts, lunches and aperitifs, with recipes based on selected ingredients sourced directly from Esselunga supermarkets.



Founded in 2002 under the name Olimpia Beauté, the EsserBella chain has 47 selective perfumery and beauty service stores at some of the Esselunga shopping centres in Lombardy, Piedmont, Emilia-Romagna, Liguria and Tuscany. Face and body care products, the most prestigious make-up brands and trendy fragrances are sold in these exclusive perfumeries, which, with over 11,500 items, can satisfy even the most sophisticated customers. EsserBella has also renewed its format, becoming a real beauty centre. The 8 newly designed perfumeries offer skin, hair, nail, brow and make-up services.

Geographical areas of activity

The geographical breakdown of activities is as follows. Please note that the Group is also engaged in the e-commerce sector through its home delivery service in several different Italian provinces.



The registered office of Esselunga S.p.A. is in Milan, Via Vittor Pisani 20. The Company has the following secondary and administrative offices, excluding stores:

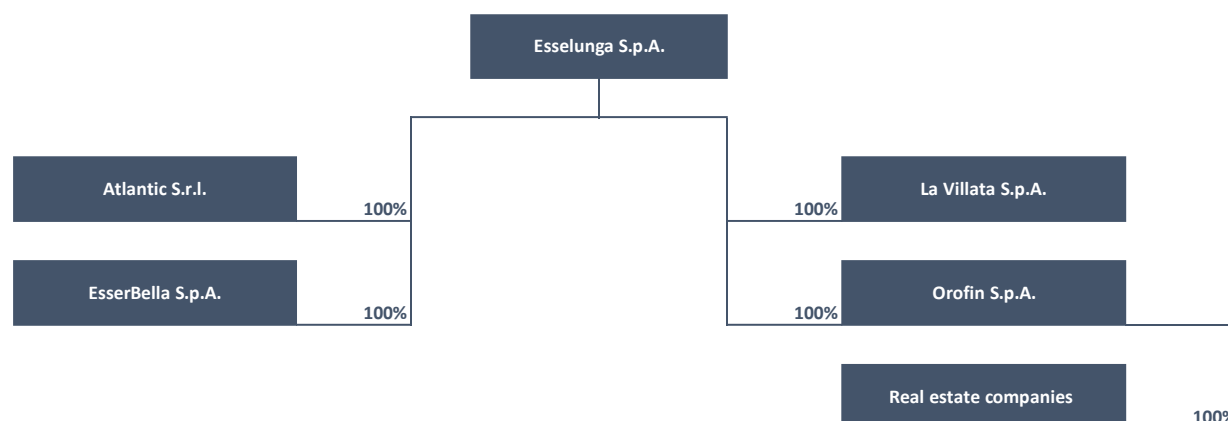
Administrative offices

Limite di Pioltello (Milano), via Giambologna No. 1
Sesto Fiorentino (Florence), Via Tevere No. 3

Logistics centres and factories

Limite di Pioltello (Milano), via Giambologna No. 1
Biandrate (Novara), Strada prov. per Recetto No. 580
Sesto Fiorentino (Florence), Via Tevere No. 3
Campi di Bisenzio (FI), Via delle Cicogne 7
Chiari (Brescia), via Sam Quilleri n.1
Parma, Via della Cooperazione 25/A

Scope of consolidation



Business Model

The business model is based on a number of values that guide the Group in providing a shopping experience that meets customers' needs, anticipating their requirements by offering excellent and fresh products, with quality services, at competitive prices, both in the e-commerce channel and in traditional stores.

As the business continues to evolve, the traditional, predominantly food supermarket has been joined by the e-commerce service, bars, perfumeries, parapharmacies, the Elisenda bakery, and new types of shops, such as Eccellenze di Esselunga and laESSE, located at strategic points in the city.

The organisation of the Group features:

- Centralisation of procurement, production and logistical activities, which ensure the freshness and quality of the products for daily delivery;
- centralisation of promotional policies and communication and marketing initiatives;
- sales management with a multi-channel approach, where the physical store and the various e-commerce services are integrated to meet the needs of all customers.

Stores

Over the years, the Supermarket has expanded its range of products and services to include non-food items such as perfumery and beauty products, newspapers and books, toys, stationery, underwear and flowers. The stores contain production and processing departments, such as the delicatessen, where Esselunga specialists prepare ready-made dishes with selected ingredients.

In addition to the gastronomy present in 178 stores with counters (170 traditional stores, 7 *laESSE* and 1 'Le Eccellenze di Esselunga') and in 11 stores without (6 traditional stores and 5 *laESSE* ones), the sales network includes: 145 bakery departments (142 traditional stores and 3 web-based ones), 42 assisted butchers and 121 fishmongers.

The offer was further expanded with the introduction of Elisenda confectioners in 142 stores (130 traditional stores and 11e laESSE) and in the new 'Le Eccellenze di Esselunga' store in Milan Via Spadari, and parapharmacy in 38 stores.

E-commerce

Esselunga's e-commerce service has been in operation since 2001.

The e-commerce range includes thousands of items, including fresh products such as fruit, vegetables, meat, fish, dairy, and delicatessen products. They are packed a few hours before delivery and travel in refrigerated vehicles with different temperatures (frozen and fresh) to ensure that the cold chain is strictly adhered to. Customers of the e-commerce service can choose from a wide range of dedicated promotions, such as reductions on delivery charges and free gifts linked to the purchase of particular products.

Esselunga's online shopping service covers 49 provinces and 7 regions (Lombardy, Veneto, Emilia-Romagna, Tuscany, Piedmont, Liguria and Lazio).

Treasury shares and shares of parent companies

In relation to the provisions of Article 40 paragraph 2 letter d) of Legislative Decree 127/91, please note that the Parent Company and its subsidiaries:

- a) do not hold treasury shares or shares of parent companies, including through trust companies or nominees;
- b) did not purchase treasury shares or shares of parent companies in 2023, including through trust companies or nominees.

Derivative financial instruments

Pursuant to Article 2428, paragraph 2, number 6 bis of the Italian Civil Code, it is certified that the Esselunga Group holds derivative financial instruments of an *Interest rate Swap* nature, to hedge the risk of fluctuation of the variable rate relating to the loans subscribed for the acquisition of 30% of Supermarkets Italiani S.p.A. and for the acquisition of 32.5% of La Villata S.p.A.'s treasury shares.

Organisational, Management and Control Model pursuant to Legislative Decree 231/2001

In 2010, Esselunga S.p.A. adopted its own Organisation, Management and Control Model pursuant to Legislative Decree 231/2001, consisting of a General Section and several Special Sections in which the corporate areas and the predicate offences that could occur in the abstract are described.

The Model includes a set of rules, conducts and controls to provide the Company with an effective organisational and management system capable of identifying and preventing the criminal behaviour covered by the Decree.

These controls are also incorporated into the relevant company procedures.

The Organisation, Management and Control Model has been updated over time in response to the introduction of new alleged offences and to changes in the Company's processes and organisation by resolutions of the Board of Directors.

Monitoring the effectiveness, compliance with and updating of the Model is the responsibility of the Supervisory Body appointed upon first adoption of the Organisational, Management and Control Model. By resolution of 27 April 2022, Esselunga's Board of Directors appointed a new member as Chairman and renewed two other members of the Supervisory Body, which now comprises two external professionals and the Director of Legal and Corporate Affairs, who will remain in office until the date of the shareholders' meeting to approve the financial statements for the year ending 31 December 2024.

The companies EsserBella S.p.A., Atlantic S.r.l., La Villata Immobiliare S.p.A. and Orofin S.p.A. have also defined and updated their Organisation, Management and Control Models in relation to the evolution of the regulations. The respective Boards of Directors approved the updates of the Models of Directors.

By resolution of 28 November 2022, the Esselunga Board of Directors updated the Group's Code of Ethics and Conduct, which sets out the general principles and rules of behaviour to which the conduct of everyone who works in the name and on behalf of the Company must conform and which has been implemented by each Group company.

An Ethics Committee was set up, consisting of one member of the Supervisory Body and two members from within the Company, whose role is to supervise compliance with the Code of Ethics and Conduct and being a point of reference on the interpretation of the Code.

The Group has updated the process for managing reports which regulates the roles and responsibilities of the main stakeholders involved. The Group, in compliance with Legislative Decree 24/2023 in force from July 2023, uses a whistleblowing channel to collect reports that may concern violations of the provisions of the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001, areas included in Legislative Decree 24/23, violations of the principles and/or rules of conduct indicated in the Code of Ethics and Conduct and in the Supplier Code of Conduct as well as company procedures and/or internal manuals. The IT system adopted guarantees all aspects of security and full compliance with international regulations in the field of privacy (processing of sensitive and personal data).

An extract of the Company Models, the Group Code of Ethics and Conduct and the Report Management Procedure are published on the Esselunga institutional website, in the Governance section.

Internal control and Risk Factor Management system

Esselunga S.p.A. has an Internal Audit Department whose primary task is to verify, continuously and in relation to specific needs and in compliance with international standards, the operation and suitability of the internal control and risk management system, through an annual audit plan, approved by the Board of Directors, based on a structured process of analysis and prioritisation of the main risks.

The audit activity covers all of the Company's processes, paying particular attention to those most significant because of the degree of risk they pose to the Company's objectives.

The Head of the *Internal Audit* Function is not responsible for any operational area. They do not report hierarchically to any head of the operational regions but to the Board of Directors via the Chairman.

Following the individual audits carried out during 2023, specific reports were prepared and sent to the Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors and to the General Manager. The interventions carried out, in the operational and process, compliance and integrated areas (audits carried out combining the previous types), resulted in evaluations and recommendations regarding operations and the overall control system, highlighting possible areas for improvement.

Annually, the *Internal Audit* Manager informs the Board of Directors of the results of the audit activities carried out and the completion of the Plan, to allow the Board of Directors to assess the adequacy and effective functioning of the Internal Control and Risk Management System.

At the outcome of the audit activities, no circumstances were identified that would make the Internal Control and Risk Management System inadequate as a whole at the date of this report, also in light of ongoing initiatives.

The Internal Audit function also carries out supervisory activities on behalf of the Supervisory Bodies appointed by Esselunga and by the other Group companies under Legislative Decree 231/2001.

Contingent liabilities and disputes

Please refer to what has already been commented in the **Milan Prosecutor's Office Investigation chapter and** to what has been commented in the **Provisions for risks and charges** section of this Financial Statement.

Significant events after the end of the period

There are no significant events occurring after the closing date that have an impact on these Financial Statements.

Consolidated Non-Financial Report

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1. Methodological note¹

1.1 Standards applied

This chapter contains all the information, as well as the relevant references to this Management Report contained within these Consolidated Financial Statements, necessary for the preparation and disclosure to the market of the Esselunga Group's Consolidated Non-Financial report (hereinafter also referred to as "NFR" or "Report" for short).

The NFR is prepared annually in accordance with Article 4 of Legislative Decree 254/2016, which transposes European Directive 2014/95/EU into Italian law. This declaration includes information on environmental, social, personnel, human rights and anti-corruption aspects. The purpose of this information is to provide stakeholders with accurate, comprehensive and transparent reporting on the activities, results and performance of the Esselunga Group (hereinafter also referred to as the "Group", "Esselunga" or "Company") and the products and services it offers. The document is prepared in accordance with the 'GRI Sustainability Reporting Standards²', updated by the Global Reporting Initiative in 2021 (hereinafter also referred to as 'GRI' for short). A detailed list of GRI indicators associated with each material theme³ for the Group can be found in the appendix to the document.

The performance indicators used are those envisaged by the reporting standard adopted, selected on the basis of materiality analysis, the process through which the sustainability issues and their most relevant impacts for the Group were identified. Section 2.2 'Materiality Analysis' provides a detailed description of this process.

The materiality analysis was updated in accordance with the GRI Standards 2021.

In addition, Esselunga has reported the information required by the European Taxonomy, continuing the reporting started with the NFR 2021 and continued in 2022, in line with the provisions of Article 8 of EU Regulation 2020/852, which is also useful for providing investors and the market with a complete view of the economic activities undertaken by Esselunga with respect to the objectives set by the European Union on climate change mitigation and adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, prevention and reduction of pollution and protection and restoration of biodiversity and ecosystems. For further details, please refer to section 2.6 "European Taxonomy Disclosure"⁴.

1.2 Boundary

As required by Legislative Decree 254/2016, Article 4, this NFR includes the data of the Parent Company Esselunga S.p.A. and its subsidiaries, which are consolidated on a line-by-line basis in the consolidated financial statements⁵, referred to in the text as the "Group" or "Esselunga". The main economic, social and environmental results achieved by the Group and described in this document are from 2023 (from 1 January

¹ Standard 2-3 Reporting Period, Frequency and Contact.

² The GRI Content Index, provided as an appendix, makes specific reference to the Standards used in the report; Furthermore, references to the Standards are given in the text in footnotes.

³ Topics representing the organisation's impacts on the economy, the environment and people, including their human rights.

⁴ It should be noted that the limited assurance activity carried out by the auditor excluded the information in the above paragraph.

⁵ GRI 2-2 Entities included in the organisation's sustainability reporting

to 31 December). Any exceptions to the reporting boundary are specified as necessary in this NFR⁶.

1.3 Reporting process

The preparation of the Esselunga Group's NFR for 2023 was based on a reporting process that involved all company departments responsible for the areas covered by the Declaration. The data and information included in the report are taken from a non-financial data collection and reporting process aimed at meeting the requirements of Italian Legislative Decree 254/2016 and the GRI Standards. The data have been processed by means of point calculations and, where specifically indicated, by means of estimates, which, if present, are appropriately reported. In addition, any previously published comparative data are clearly indicated in the text⁷.

The designated person authorised to carry out the limited audit of this NFR is PricewaterhouseCoopers S.p.A., which in a separate report attests to the conformity of the information provided as per Art. 3, paragraph 10, of Italian Legislative Decree 254/2016. The audit was carried out according to the procedures detailed in the chapter of this document "Letter from the Independent Auditors"⁸.

2. Esselunga Group

Since its establishment in 1957 by Bernardo Caprotti and Nelson Rockefeller, the Esselunga Group has always looked at innovation as one of the main drivers of its development and creation of both economic and social value. Over time, Esselunga has focused on innovation in: products, assortment, shop architecture, purchasing procedures, production and distribution channel, logistics and communication.

2.1 Stakeholders: identification and involvement⁹

In order to pursue its strategies and carry out its operational activities, Esselunga interacts on a daily basis with different categories of stakeholders through a dialogue that is fundamental to growing over time and fulfilling its commitments, adapting to changes in the context. In particular, being a business in direct contact with several actors in the value chain, including consumers, a discussion with the main stakeholder categories is essential to know their expectations. Esselunga has identified the main stakeholder categories, with whom it interacts through different approaches to engagement.

Below is a summary of the main approaches adopted:

⁶ Specifically, the social, environmental and employee data cover Esselunga S.p.A., EsserBella S.p.A. and Atlantic S.r.l., but not companies judged insignificant due to their number of employees and type of activity.

⁷ GRI Standard 2-4 Review of information

⁸ GRI Standard 2-5 External Assurance

⁹ GRI Standard 2-29 Approach to stakeholder engagement.

Stakeholder categories		Listening and engagement approach
	Customers	- Structured and widespread customer relationship management (CRM) systems, from individual shops to online platforms and customer service; - Market surveys on: general customer satisfaction, development of new branded or industrial products, brand perception and customer satisfaction with certain projects (e.g. "Amici di Scuola" [Friends of School] project); - Quarterly assessment of Esselunga's reputation index in collaboration with the RepTrak Institute. This tracking monitors how the company is perceived and evaluated and the expectations that different stakeholders have of it; - Involvement of about 55,600 Fidaty customers via online survey¹⁰; - With particular reference to eb® Perfumeries, customer involvement was twofold: - the sustainable brands and products offering was expanded with the ultimate aim of meeting the needs of a new category of consumers who are much more attentive to what they buy, product origin and the impact that their choices have on the environment; - meeting sessions were organised in collaboration with charities and experts, with the aim of supporting particular categories of people and offering them training opportunities.
	Suppliers	- Support for Italian products and local suppliers through specific promotional activities; - Organisation of individual meetings between suppliers and internal stakeholders involved, with the aim of creating new private label products and improving existing ones. - Support activities in the development of product packaging, through Life Cycle Assessment studies, to design optimal and environmentally friendly packaging (material and packaging); - Implementation of software for product, packaging and artwork management, aimed at simplifying and speeding up the end-to-end process in the development of new Esselunga branded products and the restyling of existing lines, facilitating the management of the information flow between all stakeholders involved in project development; - Involvement of six representatives of four supplier companies, experts in sustainability issues, through Multistakeholder Forum¹⁰; - With particular reference to eb® Perfumeries, supplier involvement was pursued through commercial and product-selection policies to support small local suppliers and sustainable brands.
	Financiers	Involvement of a representative of a credit institution, expert in sustainability issues, through Multistakeholder Forum¹⁰.
	Personnel	- Discussion and dedicated meetings with specific functions in the areas of Human Resources and HSE and Relations with Trade Unions; - Publication and communication campaign, on all company channels, of the Code of Ethics and Conduct;
	Trade unions and trade associations	- Ongoing activities of the Joint Welfare Committee aimed at discussing and proposing solutions in the field of welfare; - Continuous presence of the anti-violence listening desk in cooperation with the Dragonfly Foundation. It is a free, completely anonymous service available 24 hours a day offering psychological support to women who are in difficulty and are victims of violence; - Employee Advocacy Programme with the aim of involving employees in Esselunga's storytelling on LinkedIn; - Listening initiatives as part of the 'My Voice' project with focus groups and delivery of an 'Imagination Project' questionnaire on the perception of the Esselunga brand; - Involvement of employees via online survey and involvement of a representative of a trade association, expert in sustainability issues, via Multistakeholder Forum¹⁰.
	Public Authorities	Specific procedures and control measures defined by the Group organisational, management and control model (OMCM) pursuant to Legislative Decree 231/01, involving, based on the PA specific requests, both the company's top management and management according to their various specialisations and skills.

¹⁰ These activities were aimed at updating the Materiality Analysis 2023. For more details, please refer to section "2.2 Materiality Analysis"

Stakeholder categories		Listening and engagement approach
	Communities	• Support for social initiatives; • Collaborations with non-profit organisations; • Relations and active collaboration with schools and universities in the area; • Involvement of 2 representatives of a non-profit association and a social enterprise, experts in the field of sustainability and involvement of 4 representatives of academia and sustainability-related bodies through a Multistakeholder Forum aimed at updating the 2023 Materiality Analysis.

Esselunga knows that discussion with all stakeholders is essential to finding out their perception of the Group and its strategies in terms of CSR. That is why it is committed to continue to implement new listening and dialogue initiatives. In this regard, the periodic monitoring established in 2020 continued (customer satisfaction, reputation, and communication tracking), and a range of other research helped to understand customers' opinions on other specific issues (assessment of Esselunga brand products, e-commerce service satisfaction, Fidaty program evolution, user experience with respect to in-store technologies, etc.). The scope of the research was also extended to the companies Atlantic and Esserbella, as well as the local format, LaEsse.

2.2 Materiality assessment

The update of the Materiality Analysis 2023 (Impact Materiality) was carried out in accordance with GRI Standard 2021. This update included the following steps:

- **Context analysis:** The context in which the Group operates was examined by analysing sector sustainability documents¹¹ and sustainability documents (Sustainability Reports and Annual Reports) published by 16 competitor companies operating both nationally and internationally and by 6 best practice companies;
- **Identification of impacts:** Starting from the positive and negative, current and potential impacts identified in the Materiality Analysis carried out in 2022, and thanks to extensive stakeholder engagement, it was possible to refine the description of these impacts where necessary;
- **Evaluation of the significance of impacts:** The extensive stakeholder engagement programme, described below, involved the involvement of various stakeholders in the evaluation of issues and their impacts, both through the Forum and online surveys;
- **Prioritisation of material issues and their impacts:** Following the results of the stakeholder engagement activity, the results confirmed the Group's 18 material topics.

In order to gather stakeholder views on sustainability issues and update the 2023 Materiality Analysis, an extensive engagement programme was initiated, involving various categories of stakeholders relevant to the Group, through two different approaches:

- **Online survey given to customers and employees:** Through an online survey, it was possible to collect the views of 2,805 customers and 1,195 employees¹² on

¹¹ Such as SASB disclosure for Food Retailers & Distributors, S&P Global Sustainability Yearbook 2023 for Food Products and Food & Staples Retailing, SDG Industry Matrix published by the UNGC and KPMG and the ESG Report Card - Retail and Consumer Goods Industry published by KPMG

¹² Number of customers and employees whose survey responses were received in full by Esselunga.

Esselunga's sustainability issues. A sample was selected from among customers with *Fidelity* cards who consented to participate in the surveys; on the other hand, all Group employees were involved. Through the surveys, differentiated by customers and employees, it was possible:

- investigate the perception of Esselunga's commitment to sustainability and the activities carried out through knowledge of the published documents (Sustainability Policy, NFR, Sustainability Report and Climate Change Report);
- assessing the relevance of material issues and their impacts to understand which of these are, in the view of stakeholders, the most significant for Esselunga.

What emerges for both categories of stakeholders is the importance of sustainability and therefore the need for the Group to continue on a path of continuous improvement.

• **Multistakeholder forum with sustainability experts:** a Multistakeholder Forum was organised in which 14 sustainability experts participated as representatives of various stakeholder categories relevant to the company¹³. This discussion revealed Esselunga's strengths in managing sustainability issues and the areas for improvement on which the company will work in the coming years. The discussion highlighted Esselunga's role in raising consumer awareness, especially through direct contact in shops, which are a key vehicle for conveying messages related to more sustainable consumption.

From the evaluations that emerged for **Impact Materiality**, it can be seen that all issues submitted to stakeholders are confirmed as important, with a further upward shift in terms of relevance within the matrix. In particular, the topics that saw the most significant shifts on the y-axis compared to the previous year are: 'Quality, traceability and safety of products', 'Protection of animal welfare' and 'Support and development of local suppliers'. The latter emerged as a particularly relevant issue from the point of view of both sustainability experts and customers, who consider it important to offer Italian products and to work in synergy with small local producers. The topic 'Packaging and the Circular Economy' also saw an increase in relevance, mainly due to the experts' assessment of Esselunga's importance in being a vehicle for consumers to adopt circular economy models. Further shifts on the y-axis concerned the topics 'Climate Change' and 'Biodiversity'. The only topic to have suffered a particular reduction compared to Impact Materiality 2022 is 'Attracting and retaining talent', equally relevant, but subject to less attention considering the broadening of the categories of stakeholders involved.

Finally, Esselunga's sustainability model stipulates that certain topics are identified as prerequisites and are therefore not subjected to further materiality analysis, but are nevertheless reported in the document. These topics concern:

- the creation of economic value in the long term;
- customer satisfaction and loyalty;
- the adoption of an effective Governance model;
- regulatory compliance, anti-corruption and privacy protection;

¹³ The representatives involved belong to the following categories: suppliers, financiers, trade unions and trade associations, communities (including academics and sustainability bodies, non-profit associations and social enterprises).

- the focus of the business on an open innovation model ready to respond proactively to market stimuli.

Table linking topics in the Decree and material topics		
Scope of Italian Legislative Decree 254/2016 ¹⁴	Material topics ¹⁵	Description of associated impacts
Human rights	Responsible supply chain management	Use a supply chain that is careful and respectful of human rights and the planet, to mitigate any negative impacts on people's well-being and health, as well as on the environment, by favouring suppliers who are careful about consuming water and natural resources, reducing CO ₂ emissions and creating a decent and safe working environment.
	Diversity and inclusion	Fostering diversity and inclusion to ensure equality and equal opportunities for people, with positive impacts on them, through the protection of diversity in terms of gender, origin, age and disability, with the development of actions to create a decent, accessible, safe and inclusive working environment for employees, customers and the community.
	Attracting and retaining talent	Attracting and enhancing the best talent on the market to create long-term value, with a positive impact on employees' professional lives, through initiatives aimed at intercepting employees' needs and actively listening to them.
HR management	People's well-being	Promoting people's well-being to improve their quality of life and have a positive impact on their physical and mental health, meeting their needs and preferences through welfare and work-life balance initiatives.
	Employee training, development and involvement	Supporting employees in their training and career development to ensure equal opportunities for all, develop individual talents and have a positive impact on their career development by investing in training programmes and initiatives.
	Health and safety	Ensuring the health and safety of employees by mitigating potential negative impacts, through the improvement of its management systems, the dissemination of know-how and a culture of awareness and prevention.
Social topics	Products with a lower environmental and social impact	To realise and develop product lines with a lower environmental and social impact, by revising some references and using innovative tools to assess environmental impacts at all stages of the life cycle of branded products.
	Product and process innovation	Promoting excellence and innovation, meeting the needs and expectations of all customers, through partnerships with various stakeholders with the aim of contributing to the evolution of technologies and knowledge in the sector.
	Labelling, transparency and communication	Ensure transparent and responsible communication to guide customers towards informed purchasing choices, avoiding potential negative impacts due to ineffective communication through the use of clear packaging and labelling.
	Healthy lifestyles	Promoting healthy and healthy lifestyles to provide its customers with the knowledge and tools to take care of their own health, generating positive impacts on their well-being through initiatives to encourage a balanced and varied diet and regular physical activity.
	Quality, traceability and safety of products	Offering quality products and guaranteeing their traceability and safety in order to protect consumers, preventing negative impacts on their health and generating positive impacts on their satisfaction, through constant control of production and sourcing processes, monitoring of all aspects of health and safety, and selection of high quality products.
	Support and development of local suppliers	Collaborate with local suppliers to promote and valorise typical products and Italian excellence, generating a positive impact on the growth of the local economy by investing in a short supply chain that favours made in Italy products.
	Protecting animal welfare	Promoting animal welfare to ensure sustainability and high levels of product quality and safety, preventing potential negative impacts on human and animal health, through inspection visits, reduction and elimination of the use of antibiotics, and the purchase, where possible, of raw materials certified for animal welfare.
	Local Communities	Returning value to local communities to support the territory and foster a positive social impact, through support for education and scientific research, solidarity initiatives, financial and food and non-food donations, and support for local regeneration projects.

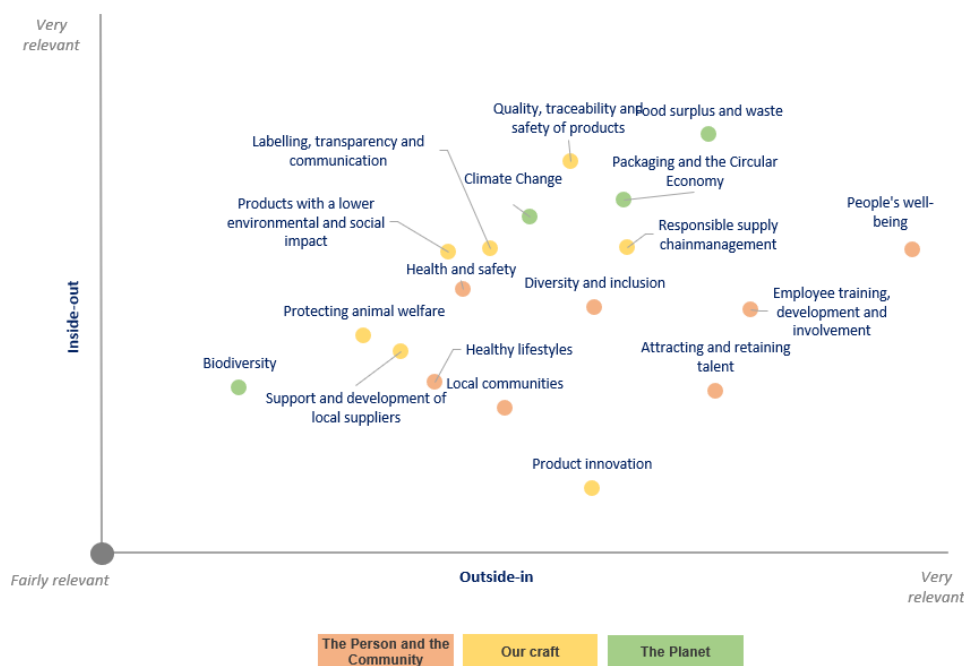
¹⁴ The themes identified, in addition to responding to the decree's areas of 'Human Rights', are transversal and respond to the area of 'Social Aspects' with regard to the theme 'Responsible Supply Chain Management' and to the area of 'Personnel Management' with regard to the theme 'Diversity and Inclusion'

¹⁵ GRI Standard 3-2 List of material topics.

Table linking topics in the Decree and material topics		
Scope of Italian Legislative Decree 254/2016 ¹⁴	Material topics ¹⁵	Description of associated impacts
Environment	Food surplus and waste	Managing waste to reduce waste and valorising waste and surplus, reducing negative impacts on the environment, thanks to research: of innovative solutions to recover ingredients and raw materials in production processes, of ways to reduce food waste in shops and to distribute unsold food and non-food products.
	Packaging and the Circular Economy	Favour circular packaging while maintaining the quality, safety and preservation of products and reducing the negative impacts on the environment generated by inefficient packaging management by favouring recyclable, compostable or reusable packaging.
	Climate change	Combat climate change to build a sustainable value chain and mitigate the negative impacts generated on the environment by their own activities and along the supply chain by monitoring energy consumption and adopting technological solutions to make it efficient, using energy from renewable sources and optimising transport.
	Biodiversity	Safeguard biodiversity to ensure sustainable development and reduce potential negative impacts generated directly or indirectly on the environment and ecosystems, by committing to reduce land consumption, monitor water use and the presence of outlets near protected areas.

Preliminary exercise of dual materiality¹⁶

In 2022, a first voluntary 'double materiality' exercise was carried out and presented in the Sustainability Report 2022 (presented separately from this document). For 2023 the Impact Materiality (inside-out) has been adjusted from the above, while the voluntary exercise of identifying and assessing issues related to the perspective outside-in that could reasonably be expected to have an influence on the Group's performance, as published in the 2022 Sustainability Report, has been kept unchanged. The matrix below represents in the ordinate the Impact Materiality, updated to 2023, and in the abscissa the Financial Materiality 2022:



¹⁶ The limited assurance carried out by the auditing firm (PwC SpA) on the NFR refers to Legislative Decree 254/16 and the GRI standard, and its conclusions do not extend to the evaluation process of 2022 and described as 'double materiality', with particular reference to the outside-in perspective.

2.3 Corporate Social Responsibility (CSR) policies and objectives¹⁷

2.3.1 Corporate Social Responsibility (CSR) policies

Esselunga has formalised its commitments and defined the principles and guidelines underlying the responsible and sustainable management of its business in the Sustainability Policy, approved by the Board of Directors, in order to pursue the objective of increasingly integrating sustainability factors into the decisions taken on a daily basis by the Group.

The Sustainability Policy has been revised following the changes that have occurred in recent years within the socio-cultural, economic, geopolitical and environmental context, which have made it necessary to review its sustainability priorities and commitments in order to reflect developments in the context in which the Company operates.

The five pillars above have been grouped into three priority areas that encapsulate the material issues and on which Esselunga's commitments, Objectives and Sustainability Plan are based:

Esselunga Group Sustainability Policy		
The Person and the Community	Our craft	The Planet
Esselunga is aware that the people with whom and for whom it works are the driving force behind the company, represent its values and culture and are an important channel through which to offer quality services and generate new value.	Esselunga wants to provide a unique customer experience by carrying out its business with passion and dedication and promoting innovation and the best practices of social and environmental responsibility along the value chain, with the aim of enhancing sustainability in the long term and maintaining the trust and loyalty of its customers.	Esselunga is aware that the food supply chain has an impact on the environment and that working to protect the planet and combat climate change can guarantee vital resources for future generations, improving their quality of life.

The Sustainability Policy, which defines the commitments made by Esselunga for each priority area identified (**The Person and the Community, Our craft, The Planet**), applies to all Group companies, employees, collaborators, suppliers and business partners and consists of an introductory section that sets out the purpose and scope of the policy, the standards and reference principles on which it is based and the values on which the Company's commitment is based. In addition, there is a section on **'Ethics and Responsibility: fight against corruption'**, which cuts across all areas of action and defines the principles to be observed in order to carry out its activities ethically, promoting full compliance with the law, the highest ethical standards, and the principle of zero tolerance of all forms of active and passive corruption. With regard to this area, Esselunga has adopted the Organisation, Management and Control Model in line with the requirements of Legislative Decree 231/2001¹⁸ to manage the company's activities in order to prevent and, if necessary, manage the offences set out in that Decree.

¹⁷ GRI Standard 2-22 Sustainable Development Strategy Statement.

¹⁸ For further details, please refer to section '3.1 Fighting Corruption - Policy implemented by the organisation'.

2.3.2 *Objectives in the field of sustainability*¹⁹

Esselunga translates the commitments set out in the Sustainability Policy into concrete and specific objectives identified in the Sustainability Plan, which is the main tool for disclosing its strategies, communicating its goals to be achieved by 2025 and reporting progress on an annual basis. As with the Sustainability Policy, the Sustainability Plan 2020-2025 was revised on the basis of changes in the context and material issues, introducing new targets and updating others, in order to act with a view to continuous improvement.

In 2023, Esselunga continued its progress towards achieving the goals outlined in the Sustainability Plan 2020-2025, monitoring progress with the support of management and the Sustainability Ambassadors.

The objectives outlined in the Sustainability Plan 2020-2025 were defined not only by analysing the specific characteristics of the company and the context in which it operates, but also by drawing inspiration from the commitments defined by the United Nations 2030 Agenda with the Sustainable Development Goals (SDGs).

To reinforce its commitment, Esselunga has joined the United Nations Global Compact (UNGC), a global initiative for sustainable development based on ten universal principles relating to respect for human rights, labour, the environment and the fight against corruption, which the company pledges to respect. In addition, in pursuit of its commitment to creating a work environment that respects gender equality, Esselunga has adhered to the seven Women's Empowerment Principles (WEPS), aimed at promoting gender equality within the private sector, markets and communities.

Esselunga also joined the EU Code of Conduct on Responsible Business and Marketing Practices in the Food Chain in 2021, which is one of the first concrete results of the Farm to Fork strategy. Some of the objectives set out in Esselunga's Sustainability Plan 2020-2025 are related to the objectives set out in the Code, in particular:

#1 Healthy, balanced and sustainable diets for all European consumers: Esselunga is aware of the role it plays in the lives of consumers and is committed to contributing positively to their eating habits, promoting quality products and a healthy and balanced lifestyle. With a view to the continuous improvement of its processes, services and products, the Group is committed to offering customers safe, quality, healthy and tasty branded products, developing recipes and ingredients that are both innovative and in keeping with tradition;

#3 A climate neutral food chain in Europe by 2050: Esselunga is aware that its production and goods-distribution activities have impacts on the environment. For this reason, it invests significant resources in improving its environmental performance. The Group also employs sustainable technologies to reduce the risks associated with climate change through the use of renewable energy and

¹⁹ Esselunga's Sustainability Strategy and the Sustainability Plan are detailed in the Group's 2022 Sustainability Report and on the company website <https://www.esselunga.it/it-it/sostenibilita/la-strategia.html>

improvements in the energy efficiency of installations. It also aims to adopt the highest sustainability standards and incorporate building regeneration into the design, construction and management of shops, factories, distribution centres and offices;

#4 An optimised circular and resource-efficient food chain in Europe: Esselunga is committed to measuring the impact of its services and products throughout their entire life cycle; it constantly seeks strategies that reduce the environmental impact of packaging by reassessing products, looking at valid alternatives and implementing new operational tools to improve and further refine its increasingly sustainable packaging research activities;

#5 Sustained, inclusive and sustainable economic growth, employment and decent work for all: Esselunga is aware that people are the engine of the company and the means by which it offers quality services and generates new ideas. The company therefore believes that the ability to attract and retain the best talent is crucial to creating value in the long term, which is why it is committed to growing and supporting its human resources from the selection process throughout their career, investing in their well-being and professional development. In particular, the Group considers the training and development of its employees' skills as indispensable for its success and competitiveness. To this end, it promotes continuous learning and designs training courses aimed at extending skills and abilities and fostering professional growth, accompanying its employees as they build their future.

Furthermore, at the core of the company's activities remains its constant and unwavering commitment to ensuring safety at work through the adoption of appropriate policies, promoting a culture of prevention and risk management, raising awareness and encouraging all staff to participate in activities fully and responsibly.

#7 *Sustainable sourcing in food supply chains*: Excellence for Esselunga naturally means product quality and safety, but it also means a commitment to promoting a supply chain that is conscious and respectful of workers' rights, the environment and animals. As such, suppliers become strategic partners with which the Group, in order to achieve its goals, aims to establish long-term relationships based on trust, as well as to foster dialogue and mutual collaboration. The focus on responsible supply chain management begins at the supplier selection phase and extends continuously over time, through regular dialogue, support and control activities.

Below are Esselunga's objectives, broken down according to the three priority areas of the Sustainability Plan 2020-2025²⁰:

²⁰ For more information on the status of achieving these goals, please refer to the information published in the Sustainability Report at <https://www.esselunga.it/it-it/sostenibilita/area-download.html>.

Pillars	SDGs	Topic area	Objective	Detail	2025	Alignment with Farm to Fork strategy
The Person and the Community		Supporting people in training and career development	Deliver over 620,000 hours of training per year	Annual training hours provided	>620,000	✓
			Devote over 5,000 training hours to talent programmes	Annual training hours provided	5,000	
			Reach a total of more than 250,000 training hours dedicated to the Trade School	Annual training hours provided	250,000	
		Promoting the well-being of people working in the organisation	Maintain and improve the management systems in place to ensure the health and safety of employees	UNI ISO 45001 certification (in 2018 BS OHSAS 18001)	Yes	✓
			Extend mental, physical and nutritional wellness services and tools to all colleagues together with a schedule of regular appointments that train and maintain good habits	Percentage of employees who accessed mental, physical and nutritional well-being services and tools	100%	
		Promoting diversity and inclusion	Involve more than 90% of executives and managers in cognitive bias training activities	Percentage of Executives and Managers involved in cognitive bias training out of total Executives and Managers	90%	
			Ensure that 30% of executive and managerial positions in corporate functions are held by female leadership	Within corporate functions, percentage of female executives and managers out of total executives and managers	30%	
			Ensure that 30% of managerial and senior professional positions in network functions are held by female leadership	Within the network functions, percentage of female Managers and Senior Professionals out of the total number of Managers and Senior Professionals	30%	
		Returning value to local communities	Constant support for the local area through donations to promote growth, education and community welfare	Euro amount of donations to promote growth, community welfare and education	>2.00	
			Donate around 4,000,000 meals, an increase of 70% compared to 2018	Number of meals donated	4,000,000	
			Constant support for organisations engaged in scientific research and solidarity projects through donations	Amount in euros in donations to support organisations engaged in scientific research and solidarity projects	>1.00	
		Promoting healthy and appropriate lifestyles	Distribute over €100 million in school supplies to schools through the Amici di Scuola initiative	Summary of the euro value of school materials distributed through the Amici di Scuola initiative as of 2018	>100	
			Carry out at least 2 communication projects per year that aim to promote healthy and appropriate lifestyles	Number of initiatives undertaken in the year	2 initiatives per year	
Our craft		Ensuring food safety	100% of production plants and warehouses FSSC 22000 certified	Percentage of manufacturing plants FSSC 22000 certified	100%	
			100% of Esselunga brand pre-packaged product suppliers certified Global Food Safety Initiative (GFSI)	Percentage of warehouses FSSC 22000 certified	100%	
				Percentage of Esselunga brand pre-packaged product suppliers GFSI certified	100%	
		Ensuring transparent communication	Report each year on at least one of the main production processes related to the processing of raw materials at Esselunga	Report at least one/year on the main production processes	> 1 / year	
		Promoting excellence and innovation	Innovation of more than 1,500 Esselunga brand products to improve and balance nutritional characteristics	Number of new or revised products from 2018	>1,500	✓
			Revisiting over 250 recipes to improve and balance the nutritional characteristics of Esselunga brand products	Number of recipes revised from 2018	>250	✓
		Managing a responsible supply chain	100% of the cocoa used for Esselunga branded products certified Fairtrade and extension of the certification to other supply chains	Percentage of branded products containing cocoa in which fair-trade cocoa is used	100%	
			More than 80% of Esselunga-branded products made in Italy and maintaining this percentage in the coming years	Percentage of Esselunga brand products produced in Italy and whose supply from Italy is guaranteed for all 12 months of the year	>80%	
			Development of the Esselunga Code of Conduct and its signing by 100% of Esselunga branded product suppliers with	Percentage of suppliers of Esselunga brand products adhering to the Esselunga Code of	100%	✓
		Protecting animal welfare	100% Esselunga-branded products from egg, milk, chicken and fish farms in Italy that respect animal welfare	Egg supply chain	100%	
				Fresh and uht milk supply chain	100%	
				Chicken supply chain	100%	
				Supply chain of fish bred in Italy	100%	
			More than 50% of Esselunga-branded products from the charcuterie chain that respect animal welfare	Charcuterie supply chain	>50%	
			100% Esselunga Naturama brand products from the beef, pork and fish supply chains that respect animal welfare	Cattle supply chain	100%	
				Pig supply chain	100%	
				Fish supply chain	100%	
The Planet		Combating climate change	25% reduction in indexed greenhouse gas emissions (taking into account national average emission factors for electricity	Percentage reduction in indexed emissions since 2018	-25%	✓
			70% reduction in indexed greenhouse gas emissions (taking into account, for electricity purchases, the specific emission factors reported by suppliers) - Market Based	Percentage reduction in indexed emissions since 2018	-70%	✓
		Managing food waste	Definition of a food waste calculation methodology aligned to the Food Loss and Waste protocol and subsequent definition of a strategy for its reduction	Alignment of food waste calculation methodology to the Food Loss and Waste protocol	-	
		Promoting circular packaging	≥ 85% of the packaging of Esselunga branded products in recycled, recyclable or compostable material	Percentage by weight of Esselunga brand product packaging made of recycled, recyclable and compostable material	≥ 85%	✓
		Safeguarding biodiversity	Definition of a biodiversity strategy and initiating its implementation through a structured analysis of key impacts	Define and launch a strategy targeting biodiversity issues	-	

In light of the project launched in 2023 that will involve both food and non-food branded commercial suppliers²¹ over time, it was deemed appropriate to discontinue the project related to the objective '100% of non-EU producers of non-food branded products subjected to analysis and assessment of compliance with the principles of the SA8000 standard and 100% of their production sites subjected to on-site audits' in order to standardise the actions taken by Esselunga in supply chain management and begin work on defining a more ambitious objective.

2.4 Management and control systems and key risks²²

The following table shows how the management model and relative control measures contribute to the prevention and mitigation of the main risks associated with the areas set out in the Decree:

Fight against corruption	Human rights
Potential risks: - Active corruption with respect to public authorities in property development processes, authorisation requests, management of inspections/investigations; - Active and passive corruption towards private individuals in the context of the procurement of goods and professional services, including procurement and relations with trade unions. Main control measures: - A Code of Ethics and Conduct, a Sustainability Policy and a Supplier Code of Conduct that establish the fight against corruption principles and policies; - Adoption of OMCM 231/01 at corporate level which defines the control standards in the area of active and passive corruption; - Supplier selection activities and establishment of contractual clauses and monitoring of related activities; - Monitoring relations with representatives of public authorities; - Transparency and traceability of transactions; - Regulation of processes for distributing free items and gifts; - Regulation of processes for hiring and developing personnel; - Internal communication and training activity in the OMCM 231/01 area.	Potential risks: - Direct and indirect employment by suppliers, contractors and subcontractors of illegal workers, consequently resulting in limited protections for them. Main control measures: - Presence of a Code of Ethics and Conduct, a Sustainability Policy and a Supplier Code of Conduct that establishes the principles and policies on the topic and an OMCM 231/01 at corporate level where control standards are defined in terms of protecting fundamental rights;
Personnel	Social topics – customers
Potential risks: - Risks relating to employee health and safety (injuries and occupational diseases); - Risks related to regulatory developments, turnover management and ageing management; - Risk to reputation due to non-compliance with the commitments defined in the Sustainability Plan. Main control measures: - Presence of a 'Workers' Health and Safety, Environment and Energy Policy' enshrining OSH principles and policies; - Adoption of a UNI ISO 45001:2018 management system for OSH issues; - Regular updates of the DVRs of Group companies; - Research activities for the introduction of aids in manual handling of loads; - Adoption of structured and formalised working methods within store operating manuals; - Adoption of personnel management, remuneration and development policies; - Implementation of information, training and education activities for personnel; - Adoption of specific development paths and ad hoc performance evaluation processes; - Establishment of the Joint Welfare Committee with the trade unions; - Joining the WHP (Workplace Health Promotion) programme; - Signing up to the international Women's Empowerment Principles (WEPs).	Potential risks: - Inadequate handling of alerts; - Socio-economic changes in customers; - Risk to reputation due to non-compliance with the commitments defined in the Sustainability Plan. Main control measures: - Setting up a specific organisational function and a process to promptly and properly handle all complaints, based on a multi-channel approach (website, app, call centre, social networks, etc.); - Consolidation of the Privacy Management Model in compliance with GDPR 679/16; - FSSC 22000 certification in health and food safety.

²¹ For more information on the Supply Chain project, see section '6.2.2 Supply Chain - Main Risks and Opportunities'.

²² GRI Standard 2-23 Policy commitments.

Social topics – supply chain	Environment
Potential risks: • Substandard products and non-compliance with food safety requirements due to technical, professional and ethical inadequacy of suppliers (e.g. food counterfeiting); • Legal implications and reputational consequences of working with suppliers who apply practices that violate the human rights of their workers; • Negative implications on financial performance and reputation resulting from working with suppliers that operate in a way that does not comply with environmental protection regulations; Main control measures: • Adoption of a Supplier Code of Conduct; • Inspection activities by the Quality Assurance Department and by external bodies according to specific procedures and timelines (based on own-brand products and raw materials at production sites); • FSSC 22000, BRC and IFS (recognised GFSL) - (Health and Food Safety) certifications; • Presence of control measures aimed at identifying and assessing fraud risks (adulteration of raw ingredients for food) and implementation of any anti-fraud plans (measurement instruments and methods and prevention and mitigation initiatives); • Construction of a supplier qualification process with sustainability criteria based on a risk-based model.	Potential risks: • Compliance risk related to the violation of applicable legislation on environmental crimes or associated with the management of environmental aspects; • Risk of environmental damage; • Risk of interruption of business continuity due to lack of control over the correct maintenance of plants and services; • Risks related to rising temperatures and water shortages impacting our suppliers, resulting in difficulties in sourcing the raw materials needed for our production and third-party packaged products for sale; • Transition risk arising from the entry into force of new regulations (as also foreseen by the Green Deal 2050), which could change the current way in which the company implements its sustainability policies • Risk to reputation due to non-compliance with the commitments defined in the Sustainability Plan; Main control measures: • Continuous monitoring and measurement of environmental impacts; • Monitoring the implementation of the certified Environmental Management System according to UNI EN ISO 14001:2015; • Regular monitoring of applicable environmental legislation and its evolution; • Monitoring of a certified Energy Management System as per the UNI CEI EN ISO 50001: 2018 standard; • Conducting specific analyses of branded product suppliers to assess their position in the territory; • Periodic monitoring and reporting of the progress of environmental sustainability objectives.

2.5 Approach to tax

Esselunga carefully observes the provisions of tax legislation; therefore the Group's approach is based on a consolidated practice aimed at ensuring compliance with applicable regulations. To this end, Esselunga has prepared a tax governance system able to guarantee proper oversight through an office within the Administration, Finance and Control Department and through close and continuous collaboration with a third-party firm to ensure accuracy and an impartial review²³.

Furthermore, in order to ensure constant tax monitoring, on the one hand Esselunga provides continuous training courses and refresher courses for the employees involved in tax oversight, in order to ensure constant skill updates and correct alignment with tax legislation, which generally undergo constant change; on the other hand, it has started to adapt its OMCM in line with Italian Legislative Decree 231/01, in relation to the introduction of tax crimes. In particular, to ensure concrete implementation of the Model and to effectively control of tax risks, Esselunga has implemented a tax procedure that includes an examination of the main oversight topics relevant to the prevention of tax offences for the purposes of Italian Legislative Decree 231/01²⁴.

In the context of relations with the tax authorities, Esselunga observes the behaviour principles and control protocols defined by the OMCM, pursuant to Italian Legislative Decree 231/01, for its subsidiaries with reference to relations with public authorities, in order to maintain correct, transparent and professional conduct²⁵.

In 2023, Esselunga was involved in investigations under Legislative Decree 231/2001 for the administrative offence of allegedly making fraudulent declarations by using invoices or other documents for transactions considered legally non-existent, due to

²³ GRI Standard 207-1 Approach to tax.

²⁴ GRI Standard 207-2 Tax governance, control and risk management. Reports of any conduct relating to the organisation's conduct in the tax area can also be made through the Whistleblowing channel (see section 3.2).

²⁵ GRI Standard 207-3 Stakeholder engagement and management of tax-related concerns.

the conclusion of procurement contracts considered to be fictitious in that they allegedly related to the supply of labour in the logistics sector.

The Company, assisted by its lawyers, undertook, with the help of a leading consulting firm, a plan aimed at preventing the occurrence of situations similar to those under investigation.

The plan is developing along four lines:

1. the due diligence activity consisting in the reputational, contributory, remuneration and tax verification of service providers in the fields of logistics, transport, e-commerce, surveillance ("non-commercial providers"), with whom contractual relationships are already in place. At the date of these financial statements, this activity is nearing completion;
2. the rationalisation of the supplier base consisting of the replacement of non-compliant suppliers and the identification of new service providers. This activity is also nearing completion;
3. strengthening and redesigning the management process of qualification, verification and monitoring of non-commercial suppliers. It is planned that this process will be at full speed at the beginning of the second half of 2024;
4. the internalisation of workers in the production, e-commerce and processing centre sectors. The internalisation process in these areas started in January 2024 with the expectation that it will be completed in the first half of the current year.

In September 2023, the Company paid the disputed VAT amounting to EUR 47.7 million using the special favourable regime under Article 1, paragraph 174 et seq. of Law No. 197 of 29.12.2022 (Budget Law 2023), which was due to expire on 30 September 2023.

In December 2023, again as part of the same proceedings, INPS initiated an audit to determine the employment, social security and contribution records of the workers of the contractors involved in the case.

2.6 European Taxonomy Dissemination

EU Regulation 2020/852 (so-called "Taxonomy Regulation") is part of the European Union's sustainable finance initiatives and aims to provide investors and the market with a common language of sustainability metrics. The Taxonomy focuses on the identification of economic activities that are considered sustainable, i.e. defined as those economic activities that contribute substantially to the achievement of at least one of the environmental objectives²⁶, provided that they do not cause significant damage to any of the other objectives and are carried out in compliance with the minimum safeguards as required by Article 18 of Regulation (EU) 852/2020²⁷.

²⁶ Art. 9 identifies the following environmental objectives: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and reduction, and protection and restoration of ecosystems and biodiversity.

²⁷ Art. 18 states that minimum safeguards are procedures implemented by an enterprise carrying out an economic activity to ensure that it is in line with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight core conventions identified in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

In order to support the identification of environmentally sustainable activities within the meaning of the European Taxonomy (so-called Taxonomy-Eligible and Taxonomy-Aligned activities), a catalogue of activities ("Delegated Acts") has already been published for all six objectives, which also contains the relevant technical screening criteria to be met in order to determine their substantial contribution to the achievement of the objectives.

The European Union in this context required for the reference year 2023 not only the disclosure of the shares of revenues, capital expenditures and operating expenditures attributable to Taxonomy-Eligible activities for all six objectives, but also of those Taxonomy-Aligned for the objectives of "Climate Change Mitigation" and "Climate Change Adaptation".

Esselunga, in line with the requirements of the Taxonomy Regulations, has identified Taxonomy-Eligible assets and initiated an internal process to identify Taxonomy-Aligned assets. The latter, in light of the facts described in section "2.5 Approach to Taxation" on a prudential basis, were not reported in line with Article 18 of Regulation (EU) 852/2020. Esselunga, for this reporting year, therefore only reported data on *Taxonomy-Eligible* activities.

For further details on the percentages of activities eligible for taxonomic requests, the templates required by Annex II of Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 are provided in Appendix A.

Furthermore, with regard to the values presented within the annexes, it is specified that:

— Turnover-KPI

An analysis of the regulations has shown that the products and services of Esselunga are not included among the economic activities currently envisaged by the Taxonomy and therefore no "eligible" revenues are recorded.

— CapEx-KPI

The KPI on CapEx is presented as the ratio of capital expenditure (CapEx) to eligible assets under the taxonomy.

Based on the description of the increases in the capital account during the year, an analysis of the economic activities eligible for the taxonomy was carried out.

As far as 2023 is concerned, Esselunga, in a process of continual improvement of its analysis regarding the identification of eligible investments under the Taxonomy, has expanded its scope to include additional activities that were not identified last year, mainly related to the environmental objective of mitigating climate change²⁸ and, in line with the requirements of the regulation, the environmental objective of transition to a circular economy²⁹. With respect to this premise, the new activities that were included in the numerator for this year concerned:

- Electricity generation from gaseous fossil fuels;
- High-efficiency cogeneration of heat/cool and electricity from gaseous fossil fuels;
- Construction of new buildings;

²⁸ Annex I of Regulation (EU) 2020/852 and Annex I of Regulation (EU) 2022/1214

²⁹ Annex II of Regulation (EU) 2023/2486 supplementing Regulation (EU) 2020/852

- Renovation of existing buildings;
- Purchase and ownership of buildings;
- Data processing, hosting and related activities;
- Demolition of buildings and other structures;
- Maintenance of roads and highways.

It is specified that the activities of 'Installation, maintenance and repair of energy efficiency devices', 'Installation, maintenance and repair of charging stations for electric vehicles in buildings', 'Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings' and 'Installation, maintenance and repair of renewable energy technologies' were also presented in the appropriate forms.

Instead, within the denominator of the KPI, we find the increases in value of tangible and intangible assets during the financial year, before any adjustments due to depreciation, amortisation and/or any revaluation during the year, excluding changes in fair value, as indicated in the paragraphs 11.1 Property, Plant and Equipment, 11.2 Investment Property and 11.4 Intangible Assets within the notes to the consolidated financial statements.

— OpEx-KPI

The OpEx-KPI is calculated as the proportion of the operating expenses associated with taxonomy-eligible activities.

Also with regard to operating expenses, Esselunga, in line with the approach adopted in the survey of its CapEx eligible under the Taxonomy, for the financial year 2023, expanded its scope of analysis to include additional activities related to the environmental objective of climate change mitigation³⁰ and, in line with the requirements of the regulation, the transition to a circular economy³¹. With respect to this premise, the new activities that were included in the numerator for this year concerned:

- High-efficiency cogeneration of heat/cool and electricity from gaseous fossil fuels;
- Installation, maintenance and repair of energy efficiency devices;
- Data processing, hosting and related activities;
- Data-driven solutions for reducing greenhouse gas emissions;
- Maintenance of roads and highways.

Please note that the activities of 'Road freight transport services', 'Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings' and 'Installation, maintenance and repair of renewable energy technologies' have also been included in the appropriate models.

For the calculation of the denominator, direct, non-capitalised costs for building renovation measures, short-term leasing, maintenance and repair costs and any other direct costs relating to the day-to-day maintenance of property, plant and equipment by the company or external third parties that were necessary to ensure the continuous and effective operation of these assets were taken into account.

³⁰ Annex I of Regulation (EU) 2020/852 and Annex I of Regulation (EU) 2022/1214

³¹ Annex II of Regulation (EU) 2023/2486 supplementing Regulation (EU) 2020/852

3. Fight against corruption

3.1 Policy implemented by the organisation

The Code of Ethics and Conduct, the Group's Sustainability Policy, the Supplier Code of Conduct and the OMCMs pursuant to Italian Legislative Decree 231 adopted by the individual companies³², set out the general principles to which the conduct of members of corporate bodies, all personnel, external collaborators and suppliers must conform according to the values of integrity, transparency, fairness and loyalty.

The consolidation of compliance models and organisational control measures, as well as the updating and issue of control procedures and protocols aligned with industry best practices are all initiatives aimed at reinforcing a single corporate culture based on the highest principles of business ethics, i.e.: “acting fairly and in awareness of risks and non-conformities”.

The Code of Ethics and Conduct, the OMCM pursuant to Italian Legislative Decree 231/01, the Sustainability Policy and the Supplier Code of Conduct are the main pillars of Esselunga's commitment to responsible business conduct. The Supervisory Board (SB), Internal Audit and the Ethics Committee are the bodies responsible for monitoring their functioning and compliance. Specifically, the SB supervises the effectiveness and observance of the Model, assesses its adequacy and efficacy and carries out analyses on the continued satisfaction of requirements over time, also ensuring their update. For an effective performance of its functions, the SB possesses a series of powers and prerogatives; for information on these, refer to the General Part of the OMCM³³.

The Internal Audit function, as third-level control, performs regular audits to verify that procedures and rules pursuant to Italian Legislative Decree 231/01 are being applied. In terms of external suppliers and consultants, including contractors, for the purposes of qualification these groups are assessed on the principles of ethics, honour and transparency; after being awarded contracts and tenders, they must comply with the Code and Model, by including specific contractual clauses³⁴.

In 2023, with regard to employees and business partners, there were no proven incidents of corruption, nor were there any legal proceedings in this area³⁵.

The Ethics Committee handles supplier reports on potential violations of the Code of Ethics and the Supplier Code of Conduct.

Communication and training activities are diversified according to the addressees and follow the principles of completeness, clarity, accessibility and continuity. With reference to communication and training, the following is significant: i) all Board members, as they were involved in the relevant approval process, played an active and

³² Esselunga S.p.A. and subsidiaries: Atlantic S.r.l., EsserBella S.p.A., La Villata S.p.A. Immobiliare di Investimento e Sviluppo (hereinafter “La Villata S.p.A.”), Orofin S.p.A.

³³ Please refer to the website: <https://www.esselunga.it/it-it/corporate-e-legal/governance.html>

³⁴ GRI Standard 2-23 Policy commitment

³⁵ GRI Standard 205-3 Confirmed incidents of corruption and measures taken.

participatory role in updating the Sustainability Policy and Plan, as well as in updating the OMCM 231/01 and the new Code of Ethics³⁶; ii) upon hiring, all new employees are informed that the company has adopted the Model and the Code of Ethics and Conduct; (iii) training is provided to all staff, via e-learning, with course enrolment at the time of recruitment. The use of this content is mandatory and monitored periodically for completion³⁷. During 2022, a new version of the training course was released for all employees in connection with the updating of the Model in 2021. Compared to 2022, following the updating of Legislative Decree 231/01, the number of employees trained in anti-corruption has increased from 6,509 to 9,110³⁸.

3.2 Main risks and opportunities

The Risk Assessment carried out on the various Group companies highlighted the existence of a potential risk inherent in the commission of crimes of:

- Active corruption with respect to public authorities in property development processes, authorisation requests, management of inspections/investigations;
- Active and passive corruption towards private individuals in the context of the procurement of goods and professional services, including procurement and relations with trade unions.

The risks of corruption can have various economic and reputational impacts, not just on the individual companies, but especially at Group level. The risk assessments carried out on companies in the Group revealed 113 sensitive operations, of which 55 (about 49%) were possibly at risk of alleged corruption offences³⁹.

Following the transposition, through Legislative Decree 24/2023 in force from July 2023, of the European Directive 2019/1937 concerning the protection of persons who report breaches of Union law, during 2023, Esselunga updated the process for handling reports by adapting the procedure governing the roles and responsibilities of the main actors involved as well as the way in which reports are handled⁴⁰. The procedure applies to Esselunga and its subsidiaries.

Esselunga has identified in the Internal Audit Manager, the Whistleblowing Manager, who has the task of analysing all the reports received, also through the involvement of the company departments deemed competent for the necessary verification activities. If the report is well-founded, possible improvement actions on the ICRMS⁴¹ and/or legal actions to protect the Company as well as appropriate disciplinary measures will be taken.

Esselunga has adopted a *web-based* platform called "*Comunica Whistleblowing*"⁴², with the aim of acquiring and managing all reports received related to the above areas. Among other things, the platform guarantees full compliance with international privacy regulations (processing of sensitive and personal data).

³⁶ In 2023, training on the Code of Ethics took place exclusively in the Board of Directors. No training was carried out for OMCM 231/01 as the Model has not been modified.

³⁷ For further details, see paragraph "5.1.5 Training and development of people".

³⁸ GRI Standard 205-2 Communication and training about anti-corruption policies and procedures.

³⁹ GRI Standard 205-1 Operations assessed to determine corruption risks.

⁴⁰ Reports may concern: i) violations of the provisions of the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001, ii) areas included in Legislative Decree 24/23; (iii) violations of the principles and/or rules of conduct set out in the Code of Ethics and Conduct and the Supplier Code of Conduct as well as company procedures and/or internal manuals

⁴¹ Internal Control and Risk Management System

⁴² GRI Standard 2-26 Mechanisms for requesting clarification and raising concerns

The existence of the platform has been communicated to all Group employees, for whom it is accessible via the internal 'My Portal' portal, and a dedicated section has also been created on the institutional website accessible to third parties; This section contains the user manuals for the platform and the procedure on how to handle reports.

Reports can be classified as:

1. **Ineligible:** reports that (i) were not admitted to the investigation phase because they were generic and lacked verifiable elements; (ii) deal with matters not covered by the procedure; (iii) relate to events that are under investigation by the public administration or relate to events that have already been reported;
2. **Not ascertainable:** (i) reports admitted to the preliminary investigation stage that subsequently turn out to be lacking in circumstantial and detailed elements enabling the facts disclosed to be analysed/verified; (ii) reports of ongoing investigations by public authorities;
3. **Not relevant:** reports relating to areas other than the objects of applicability of the reporting procedure and which involved the involvement of other corporate functions;
4. **Unfounded:** reports that, following analysis of the information contained therein, were found to be untrue;
5. **Founded:** reports that are relevant to the subject matter reported, containing precise and circumscribed information that, upon objective analysis of the facts reported, proved to be true.

With reference to the reports received in the last three years, a summary table is given below.

The data entered, also relating to previous years, are reclassified in the light of the update of the procedure 'Management of violation reports'.

Reports	2023	2022	2021
Ineligible	12	1	1
Not ascertainable	3	-	-
Not relevant	-	-	-
Unfounded	3	3	-
Founded	1	2	-
Under evaluation	4	-	-
Total reports entered in the channel	23	6	1
Subject of reports	Violations of the code of ethics and conduct and/or company procedures	Violations of the code of ethics and conduct and/or company procedures	-
Outcome of investigated cases	Measures by the Human Resources and Organisation Department	Measures by the Human Resources and Organisation Department	-

4. Respect for human rights

Drawing inspiration from the main national and international laws and regulations in the field of human rights protection, through the Code of Ethics, the Sustainability Policy and the Code of Conduct for Suppliers, the Group declares its commitments⁴³.

⁴³ The approach adopted by Esselunga is inspired by the main international standards, including the OECD Guidelines for Multinational Enterprises; the 10 principles of the Global Compact; The United Nations International Bill of Human Rights; The Guiding Principles for the

4.1 Policy implemented by the organisation

Drawing inspiration from the main national and international laws and regulations on the protection of human rights, the Group declares, through the Code of Ethics and Conduct, the Supplier Code of Conduct and the Sustainability Policy, the commitments adopted by the Group itself and requested from its stakeholders. Esselunga is committed to acting with integrity, loyalty and fairness in the full respect of all people. To this end, employees, suppliers and contractors are trained and informed about the Governance Model applied by the Company and the main policies mentioned above. As established by the Group's Sustainability Policy, Esselunga's people are aware that respect, protection and promotion of human rights in and outside its value chain is an essential factor in creating and maintaining long-term social well-being. Esselunga's commitment to Human Rights issues is reflected in all categories of people who dialogue directly or indirectly with the Group. Furthermore, with the adoption of the Code of Ethics and Conduct, approved by Esselunga's Board of Directors on 28 November 2022, all parties interacting with Esselunga are required to adhere to its fundamental principles, such as:

- the prevention of all forms of discrimination, offensive, inappropriate and intimidating behaviour;
- the protection of workplace health and safety;
- the development of an inclusive environment within which professional growth is based on results achieved in a meritocratic perspective;
- the guarantee of decent working conditions.

On 23 March 2022, the Board of Directors of Esselunga S.p.A. formally approved the 'Supplier Code of Conduct' with the aim of sharing its principles with suppliers:

- ensure their workers fair and safe working conditions and the right to free association⁴⁴;
- operate in an environmentally friendly way;
- operate in compliance with the law, with integrity, transparency and fairness;
- operate in accordance with applicable laws and regulations.

In 2023, Esselunga continued its training programme, targeting specific functions within the company, with the aim of deepening the Supplier Code of Conduct, which also covers human rights issues.

Furthermore, an internal communication plan on the Code of Ethics and Conduct was carried out through weekly newsletters published on the internal portal 'My Portal' and sent by email to employees.

4.2 Main risks and opportunities

The risks to which the Group Companies are exposed mainly arise from the use of contractors, and specifically of subcontractors, that could directly or indirectly employ illegal workers or that may be unable to ensure adequate protection of workers. For

Promotion of Gender Equality Women's Empowerment Principles (WEPS). For more details, please refer to:
<https://www.esselunga.it/cms/azienda/governance/> e <https://www.esselunga.it/it-it/sostenibilita/la-strategia.html#1>

⁴⁴ GRI Standard 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk.

this reason, during the qualification phases, the contributory regularity of suppliers is checked as well as aspects related to occupational health and safety. At the contractualisation stage, all suppliers are required to read the Code of Ethics and Conduct, the Sustainability Policy, the Suppliers' Code of Conduct and OMCM 231/01 to ensure that activities are carried out according to criteria of transparency, fairness, loyalty and sustainability.

Esselunga operates in Italy in line with national legislation in full respect of child protection and in the prevention of forced labour. In particular, the Code of Ethics and Conduct stipulates that no form of discrimination is tolerated either internally or externally, and that offensive, inappropriate and intimidating behaviour towards colleagues and third parties, regardless of the role held, is not allowed.

A project was launched to define the supply chain management process involving commercial suppliers, specifically of branded products, raw materials and packaging, with the aim of improving the responsible and sustainable management of their supply chain by implementing possible improvement actions⁴⁵.

5. The Person and the Community

5.1 The Esselunga Group's people

5.1.1 *Policies implemented by the organisation*

Esselunga constantly strives for the well-being of all the people with whom it interacts every day, from employees to customers, embracing the community and the younger generation.

For its employees, the company is committed to creating a fair and inclusive working environment based on cooperation and trust. The Group continually invests in the training of its employees and provides opportunities for professional development and personal growth to develop and motivate people.

5.1.2 *Main risks and opportunities*

The potential risks generated by the company's operations may concern failure to fully comply with international regulations and standards on workplace health and safety, with potential impact on its own and third-party personnel in terms of workplace accidents and illnesses. In order to minimise the likelihood or magnitude of this risk, Esselunga has always invested in continuous updating of management systems and organisational controls, specialised skills and related certifications, staff training and other initiatives to ensure that tasks are performed in total safety.

The potential risks generated by the labour market are linked to changes in the relevant legislation and management of turnover, an aging workforce and the scarcity of labour demand. The company mitigates these risks through the implementation of remuneration and retention policies aimed at attracting talent and the development of corporate welfare according to international benchmarks. In addition, the management of ageing, understood as the increase in the average age of employees, involves a specific focus on constantly improving ergonomics in the workplace through the use of new equipment and job rotation and reskilling initiatives.

⁴⁵ For more information on the supplier qualification process, see section '6.2.2 Supply Chain - Main Risks and Opportunities'.

Esselunga promotes equal career opportunities and professional fulfilment. Professional development is meant to be inclusive, through training programmes on topics such as empowerment and leadership.

The greater dynamism and changeability of the labour market, at this particular pandemic-influenced period, have led to some critical issues in recruiting activities.

In general, during 2023, a more pronounced rate of mobility than in the past, albeit with a decreasing trend, combined with a greater propensity of people to discontinue work in favour of seeking different career paths, led to a significant complexity in the search for personnel, whether qualified or only with basic skills. Esselunga was faced with a mismatch between organisational needs and the presence of qualified individuals on the market for some roles.

At the same time, the criteria by which candidates find a company interesting have changed: roles, financial reward and professional development are no longer enough to attract talent, who increasingly demand more flexibility in managing working hours and place, benefits for themselves and their families, opportunities for self-fulfilment, a broader and more impactful transformative purpose and the possibility to work in diverse teams, experiencing different professional challenges. This phenomenon is even more evident for roles heavily impacted by digitisation and for the younger generation in general.

To retain the best talent, Esselunga is therefore committed to:

- promoting involvement and listening through people engagement tools and initiatives whereby the company informs, communicates internally, and accepts comments or questions from its employees, proposes focus groups, surveys and questionnaires stimulating people's participation in company life. A dedicated working group was set up for this purpose;
- supporting staff on continuous learning paths and organisational and career guidance;
- Promote Job Posting by changing the paradigm and also offering reskilling paths to people already working in the company in order to create internal professionalisation paths with the dual result of filling vacant positions and fostering the training of its staff in a transversal perspective;
- providing a variety of innovative and business-impactful projects, digitised internal services, smart working plans (which are adapted to the needs of the most vulnerable people where possible);
- offer welfare programmes based on the needs of its people⁴⁶.

5.1.3 *Staff composition*

As at 31 December 2023, the Esselunga Group had a workforce of **25,436**, 46% of whom were women. 93% of employees are hired with permanent contracts. Moreover, 25% have a part-time contract, 79% of which are for female employees. Finally, temporary workers, employed mainly in the shops and in production departments, increased from 448 to 612 (+37% compared to 2022)⁴⁷.

⁴⁶ For more information, please refer to section "5.1.6 Employee welfare"

⁴⁷ GRI Standard 2-8 Non-employee workers. The reported figure for contract workers refers to 31/12/2023.

Esselunga uses multiple sub-contracts to perform certain activities and, as mentioned in section '2.5 Approach to Tax', is rationalising their management.

Employees (head count) ⁴⁸	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent contract	12,901	10,881	23,782	13,079	10,615	23,694	13,394	10,575	23,969
Fixed-term contract	937	717	1,654	824	555	1,379	886	560	1,446
Total	13,838	11,598	25,436	13,903	11,170	25,073	14,280	11,135	25,415
Full-time	12,531	6,609	19,140	12,560	6,277	18,837	12,729	6,127	18,856
Part-time	1,307	4,989	6,296	1,343	4,893	6,236	1,551	5,008	6,559
Total	13,838	11,598	25,436	13,903	11,170	25,073	14,280	11,135	25,415

5.1.4 *Attracting and retaining talent*

The Esselunga Group is committed to attracting and enhancing the best talent with which to create value in the long term, and considers this ability crucial to ensuring long-term value creation.

Over the years, Esselunga's Talent Acquisition Centre has developed an approach characterised by the combination of Digital & People, aimed at broadening the field of possible candidates and promoting diversity and inclusion. The aim is to identify a wide range of talent on the market, through an omnichannel communication strategy, favouring digital communication as a mode of attraction and communication for young talent. It uses many channels to engage staff. Esselungajob.it, which was the main point of contact in 2023 saw over 48,000 candidates register, social networks, Virtual Job Days and in-store leaflets.

For this reason, the remuneration policies of the Group aim to maintain a strong link between remuneration, meritocracy and performance sustainability. This is achieved by developing effective remuneration methodologies that are in line with industry best practices and that enable employees to pursue continuous improvement in their individual professional performance and of the entire entity, while maintaining high levels of motivation and engagement. Esselunga's compensation policies are defined and assessed annually by the Human Resources Department jointly with the Executive Chairman, based on company results, role development and take the best market benchmarks as a reference⁴⁹.

Esselunga's compensation policies for the highest governing body and executives have the priority objective of fostering the creation of sustainable value over time, maintaining a strong link between pay and performance. The fixed component of remuneration in Esselunga responds to principles of internal and external equity and reflects, through position weighting and job evaluation systems, the real content of roles in the organisation. A system of STI (Short Term Incentives) is envisaged according to roles and remuneration policies using an on/off gate based on company results⁵⁰.

⁴⁸ GRI Standard 2-7 Employees by type of contract and gender.

⁴⁹ GRI Standard 2-20 Compensation determination procedure.

⁵⁰ GRI Standard 2-19 Remuneration policies

In 2023, taking fixed-term contracts into account as well, the turnover rate was 8.7%, down compared to the previous year (8.9%)⁵¹.

Turnover rate by region	u.m.	2023			2022			2021		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Group	%	10.9%	6.1%	8.7%	11.0%	6.3%	8.9%	8.2%	4.4%	6.6%
<i>Lombardy</i>	%	10.8%	6.3%	8.7%	11.1%	6.3%	8.9%	7.9%	4.4%	6.4%
<i>Tuscany</i>	%	6.8%	3.5%	5.3%	5.9%	3.4%	4.8%	5.4%	4.1%	4.8%
<i>Piedmont</i>	%	10.9%	6.6%	9.0%	12.6%	7.4%	10.3%	9.1%	4.3%	7.0%
<i>Emilia Romagna</i>	%	20.0%	9.1%	14.7%	19.7%	10.1%	15.1%	15.2%	5.1%	10.5%
<i>Veneto</i>	%	19.7%	12.3%	16.2%	15.6%	9.5%	12.7%	17.5%	10.0%	14.3%
<i>Lazio</i>	%	10.7%	4.6%	8.4%	8.9%	2.9%	6.8%	7.7%	2.4%	6.0%
<i>Liguria</i>	%	9.3%	4.2%	7.0%	9.0%	9.0%	9.0%	5.1%	1.4%	3.4%

Turnover rate by age	u.m.	2023			2022			2021		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Group	%	10.9%	6.1%	8.7%	11.0%	6.3%	8.9%	8.2%	4.4%	6.6%
<i>aged less than 30</i>	%	26.2%	17.2%	22.9%	25.6%	16.6%	22.6%	18.5%	10.6%	16.0%
<i>between 30 and 50 years old</i>	%	8.6%	5.6%	7.3%	8.8%	5.4%	7.3%	5.0%	3.2%	4.2%
<i>older than 50</i>	%	5.3%	2.6%	3.9%	4.4%	3.6%	4.0%	7.4%	4.7%	6.0%

For a number of years, the Employee Advocacy Program was launched with the aim of involving some employees as Company Ambassadors in Esselunga's storytelling on LinkedIn by sharing internally and externally their professional experience and the complexity of the business.

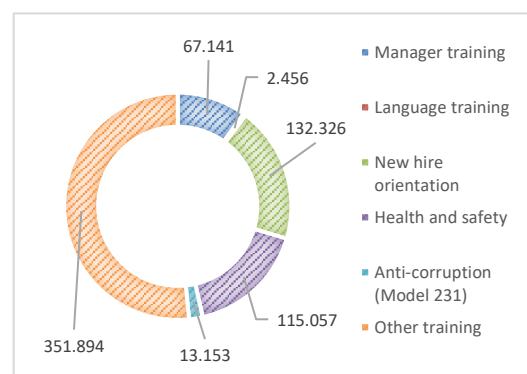
The employees involved were assisted with writing LinkedIn posts and articles about their personal and professional experiences at Esselunga.

The year 2023 saw the completion of the 5th edition of the Programme, which has so far involved 70 Ambassadors and generated a positive engagement effect, enhancing the sense of belonging, closeness and interaction between employees.

Following on from the 2022 engagement survey conducted to create a more inclusive, transparent and satisfying working environment for all employees, focus groups involving 300 colleagues from all areas of the company were conducted during 2023 to explore and find shared solutions to improve the company's relationship with its people and to identify the most widespread needs and the welfare services in response.

5.1.5 Training and development of people

Training and skills upgrading continue to be key actions and fundamental to the Group's success and competitiveness. In 2023, the company scored a significant achievement in terms of training hours, exceeding 680,000 hours. As many as 300,000 hours are related to the School of Trades, dedicated to the staff employed in the sales network, which has always been the flagship of the company's



⁵¹ GRI Standard 401-1 New employee hires and employee turnover.

training and which enables us to pass on to our people the professionalism and technical skills needed to guarantee the level of quality that has always been Esselunga's hallmark.

Average hours of training by gender and level ⁵²	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	18	17	18	25	28	26	16	26	17
Middle managers	15	25	17	21	46	24	21	41	23
Office workers	31	14	22	29	12	20	26	10	18
Non-office workers	34	45	38	26	35	29	25	15	22
Total	31	21	27	28	17	23	25	11	19

On the subject of health and safety in the workplace, a procedure has been drawn up describing the criteria for the planning and provision by the Learning Centre of training for the company's workers. In addition to the training that is compulsory by law, we continue to raise awareness among employees on topics such as emergency management, first aid, the use of automatic external defibrillators (AEDs), and the training of Health and Safety Managers (RSPP) and Health and Safety Officers (ASPP)⁵³. In addition, the Esselunga Learning Centre delivers education and training courses based both on needs dictated by company management but also on requirements that emerge from the Risk Assessment and compliance with technical regulations.

The Learning Centre is in charge of launching and managing the annual performance management campaign, supporting employees and their managers in defining individual development plans and analysing career processes. This is a transversal process that involves all employees belonging to specific contractual categories. Following the performance management campaign, talent review meetings were organised to reflect on succession plans, training and development activities, and the identification of high potentials for building accelerated pathways. In 2023, 6,636 people were involved in this process to make the feedback culture more widespread and evident in the company .

Personnel involved in performance review activities ⁵⁵	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	81%	67%	79%	81%	60%	78%	83%	91%	84%
Middle managers	98%	88%	97%	96%	90%	95%	97%	91%	96%
Office workers	62%	14%	37%	61%	10%	35%	58%	8%	32%
Total	64%	14%	39%	63%	10%	36%	60%	9%	34%

⁵² GRI Standard 404-1 Average number of training hours per year per employee

⁵³ GRI Standard 403-5 Worker training on occupational health and safety.

⁵⁴ GRI Standard 404-3 Percentage of employees receiving regular performance and career development reviews. The performance evaluation process to date does not include the professional category of manual workers.

⁵⁵ The method of calculating the percentage of employees involved in performance review activities has changed from what has been presented in the past. In order to improve disclosure, the ratio is now calculated by placing the number of persons subject to performance reviews in the reporting year in the numerator and the total number of employees as at 31/12 of the previous year in the denominator. In fact, the Performance Review campaign is launched at the beginning of the year with the aim of evaluating employees on the basis of the previous year's performance. The comparative data have therefore been restated.

In 2023, 992 employees were promoted to positions of greater responsibility:

Number of employees promoted to positions of greater responsibility	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of employees promoted to positions of greater responsibility	724	268	992	646	172	818	561	112	673
Total No. of employees	13,838	11,598	25,436	13,903	11,170	25,073	14,280	11,135	25,415
Percentage of employees promoted to positions of greater responsibility out of total employees	2.8%	1.1%	3.9%	2.6%	0.7%	3.3%	2.2%	0.4%	2.6%

5.1.6 Employee welfare

The welfare system in Esselunga is based on listening to the preferences and needs of employees.

Confirming the importance it attaches to welfare, Esselunga has set up the '**Joint Welfare Committee**', a joint body involving Esselunga and the trade unions, with the aim of identifying facilitative solutions for welfare and work-life balance. The Committee's activities also continued throughout 2023.

Welfare services apply to all persons working in the Group's companies, regardless of contract type, in accordance with the national collective bargaining agreement⁵⁶.

Welfare services available to employees	
 Solidarity Holiday Fund	This fund is based on a principle of collective solidarity, which allows employees to access paid leave in situations of economic or personal hardship. In 2023 during the flooding in Tuscany, given the exceptional nature of the situation, thanks to donor and company contributions, it was possible to use the Solidarity Holiday Fund for the flooded colleagues who needed it.
 Occupational medicine and preventive medicine services	The company in compliance with Legislative Decree 81/2008 provides health surveillance for most of its employees according to their work risk. In order to facilitate the movement of employees across the territory, the Company provides 18 hubs located throughout the country to carry out the medical examinations and health checks required by Legislative Decree 81/2008 during working hours.⁵⁷ In addition, the company provides a nurse 5 days a week for first aid, minor dressings and checking vital parameters at the Limeto site and the administration of the flu vaccine on a voluntary basis at the above-mentioned 18 hubs (1,300 doses were administered during 2023). All services are carried out by freelancers and organised with full respect for the privacy of all employees through the archiving of individual health records within a digital portal and a paper archive, with access restricted to competent doctors only. The company, in addition to the periodic organisation of specific medical examinations as required by law, provides specific assistance to its employees through preventive medicine initiatives through collaboration with LILT (Lega Italiana per la Lotta contro i Tumori) for the prevention of skin cancer and breast cancer.
 Working time flexibility	More flexible working hours in and out of offices were introduced in 2023, making it easier to combine personal and professional needs.
 Supporting people's purchasing power	The conversion of variable salary into welfare services of various kinds is envisaged. In order to improve purchasing power, there is a portal of discounts and conventions, and for Christmas 2023, there is a discount for employees on private-label products.

⁵⁶ GRI Standard 401-2 Benefits for full-time employees that are not available to fixed-term or part-time employees

⁵⁷ GRI Standard 403-3 Occupational health and safety

Welfare services available to employees	
 Family support	Family support includes school and career guidance, study trips abroad for the children of employees and a subscription to a trade magazine for new parents.
 Physical and mental well-being	In order to promote healthy lifestyles, a partnership was renewed with Fitprime, a fitness platform, to facilitate active living, and a psychological e-counselling desk was introduced, run by Mindwork.
 Collaboration with AVIS	In order to raise awareness of contributing to the well-being of the community, blood donation days were also organised in 2023 in cooperation with AVIS.

Esselunga is paying increasing attention to the work-life balance, a critical factor for a highly work-intensive sector such as large-scale retailing. In 2023, the smart working project started in 2019 continued, and was enhanced for frail individuals and parents with children up to the age of 14.

Finally, during 2023, 2,151 employees took parental leave, 48% of the eligible female population and 17% of the eligible male population, respectively. The return-to-work rate of employees who took parental leave in 2023 is 92%; at the same time, 61% of those who returned from parental leave in 2022 were still employed in the organisation as at 31/12/2023⁵⁸.

Maternity leave	2023	2022	2021
Female employees who took maternity leave	527	532	556
Female employees who took maternity leave and have already returned from leave	172	139	241
Total female employees	11,598	11,170	11,135
% of female employees who took maternity leave	5%	5%	5%
% of female employees who returned to work after maternity leave	33%	26%	43%

Paternity leave	2023	2022	2021
Male employees who took paternity leave	508	526	507
Total male employees	13,838	13,903	14,280
% of male employees who took paternity leave	4%	4%	4%

5.1.7 Diversity and inclusion

Esselunga promotes diversity as an opportunity to be seized to allow all employees to express themselves, adopting specific policies and programmes and developing listening systems that encourage dialogue and collaboration. As part of its actions and strategies for inclusion and protection of diversity, Esselunga is committed to guaranteeing all employees equality at work, ensuring equal opportunities for professional development and growth. In line with the goal of training 90% of managers on the subject of unconscious bias by 2025, the training activity in 2023 was also extended to middle management. In addition, with a view to fostering intergenerational inclusion, a generational training and comparison campaign began in 2022, involving the population of Executives and all Sales Network managers (Managers and Senior Professionals), with the aim of training all managers by the end of 2025.

In support of women's empowerment, collaboration continued with both Fondazione Libellula and Valore D, with thematic corporate and inter-company workshops;

⁵⁸ Percentage of employees who took parental leave during 2023 and are still on the reporting date, out of total 2023 users, GRI 401-3 Parental leave

membership of the Inspiring Girls initiative was also renewed in 2023 with participation in the #ThisGirlIsMe social campaign.

Esselunga once again this year confirmed its commitment to its people and, in particular, to women, by renewing its subscription to the international Women's Empowerment Principles (WEPs), established by the UN Global Compact in collaboration with UN Women. These are seven principles inspired by real business practices and aimed at guiding companies to promote gender equality and empower women in the workplace, marketplace and community.

Employees by type of employment ⁵⁹	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	67	7	74	68	9	77	68	10	78
<i>aged less than 30</i>	-	-	-	-	-	-	-	-	-
<i>between 30 and 50 years old</i>	23	4	27	24	5	29	27	5	32
<i>older than 50</i>	44	3	47	44	4	48	41	5	46
Middle managers	422	68	490	407	59	466	408	49	457
<i>aged less than 30</i>	-	1	1	2	1	3	2	-	2
<i>between 30 and 50 years old</i>	239	45	284	243	38	281	243	34	277
<i>older than 50</i>	183	22	205	162	20	182	163	15	178
Office workers	8,415	8,817	17,232	7,977	8,662	16,639	8,040	8,674	16,714
<i>aged less than 30</i>	1,362	824	2,186	1,344	845	2,189	1,523	910	2,433
<i>between 30 and 50 years old</i>	5,414	5,123	10,537	5,187	5,348	10,535	5,230	5,603	10,833
<i>older than 50</i>	1,639	2,870	4,509	1,446	2,469	3,915	1,287	2,161	3,448
Non-office workers	4,934	2,706	7,640	5,451	2,440	7,891	5,764	2,402	8,166
<i>aged less than 30</i>	975	551	1,526	1,191	465	1,656	1,482	453	1,935
<i>between 30 and 50 years old</i>	2,733	1,601	4,334	3,087	1,502	4,589	3,193	1,540	4,733
<i>older than 50</i>	1,226	554	1,780	1,173	473	1,646	1,089	409	1,498
Total	13,838	11,598	25,436	13,903	11,170	25,073	14,280	11,135	25,415

Members of governance bodies	u.m.	2023			2022			2021		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Total	No.	6	2	8	7	2	9	8	1	9
<i>aged less than 30</i>		-	-	-	-	-	-	-	-	-
<i>between 30 and 50 years old</i>		-	1	1	1	1	2	1	1	2
<i>older than 50</i>		6	1	7	6	1	7	7	-	7

The Group employed a total of 1,611 people falling within the protected categories, an increase of 54 compared to 2022.

5.1.8 Occupational Health and Safety

For Esselunga, the health and safety of workers is not only a legal obligation and an opportunity to reduce social costs, but a constant objective. For this reason, all company figures participate, with different responsibilities and roles, in this task.

⁵⁹ GRI Standard 405-1 Diversity in governance bodies and among employees

Esselunga has voluntarily adopted and implemented an Integrated Management System for Occupational Health and Safety, based on a risk management system in accordance with the new UNI ISO 45001:2018 standard, an internationally recognised standard that sets out the requirements for an Occupational Health and Safety Management System⁶⁰; in the process of defining its Management System, Esselunga has therefore identified specific responsibilities, procedures, processes and resources for the application of the company policy to protect employees.

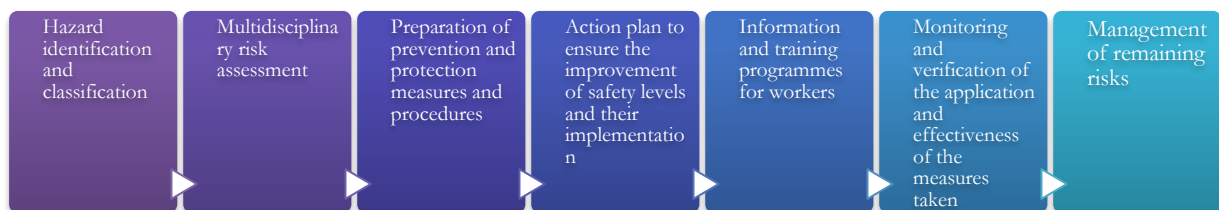
All workers' tasks are covered by the occupational health and safety management system as better described in the Risk Assessment Document⁶¹.

Esselunga guarantees proper assessment of the risks caused by interference between the activities contracted out to suppliers operating at Group workplaces.

The Group is constantly committed to ensuring the identification of hazards and the periodic assessment of risks associated with employee safety, and to defining and formalising, within Operating Manuals, Working Methods that take these aspects into account.

During the planning phase of the Management System and periodically, at least once a year, Esselunga analyses and evaluates the relationships and interactions between the activities and the requirements of the Management System as a whole, determining the risks and opportunities (negative and positive effects on health, impacts on safety) necessary to be addressed to ensure that the Management System can achieve the expected results, prevent, or reduce, undesirable effects, and achieve continuous improvement; risk assessment is embodied in the Risk Assessment Document (DVR). Although the aim of risk assessment is the prevention of occupational risks, in practice this is not always possible. In this case, the employer is committed to reducing the degree of danger and keeping residual risks under control. Subsequently, as part of a review programme, residual risks may be reassessed by considering, in the light of any new knowledge, the possibility of eliminating them altogether. The expected overall objective is to reduce the number, frequency and severity of hazardous incidents (e.g. accidents, failures, occupational diseases, etc.).

The health and safety risk management process includes the following steps⁶²:



The prevention and protection measures associated with each specific risk are subject to improvement and planning according to an Improvement Plan, with the aim of reducing potential risk conditions for the health and safety of workers. This plan is contained in a structured document in which technical interventions on machines,

⁶⁰ GRI Standard 403-1 Occupational health and safety management system

⁶¹ GRI Standard 403-8 Workers covered by an occupational health and safety management system

⁶² GRI Standard 403-2 Hazard identification, risk assessment, and incident investigation;

plants, processes, substances as well as structural and technical interventions to improve workplace logistics and collective emergency measures are highlighted.

Fundamental is the periodic and systematic monitoring of the implementation of the planned measures, in order to verify their effective application, compliance with the objectives

pre-set targets as well as the formalisation of their realisation.

The reporting of hazardous situations at work can be done immediately through a verbal report to one's supervisor or in writing. There are two procedures by means of which it is possible to report accidents or non-compliance situations to the competent offices. There are also forms to be sent to the relevant offices for the management of dangerous situations after any immediate treatment. The correct behaviour to be adopted in the field of OSH is established by the Workers' Health and Safety Policy, the DVR regarding prevention and protection measures, procedures and/or operating instructions and the Employer's prescriptions; An organisational structure was also defined within the various company departments to oversee health and safety issues⁶³.

The Area Health and Safety Officers (RSPP) are considered the main points of reference for health and safety issues; they verify the proper management of reports and are the first promoters of the dissemination of information on the Management System. In addition, to support the company's prevention and protection activities, such as health surveillance and field inspections, ASPPs (health and safety officers) were appointed within the Human Resources Department and Technical Department, and over one hundred RLSs (workers' representatives for health and safety) were elected. The organisational structure is completed by the Coordinating Occupational Physician, who is supported by around 30 doctors spread throughout the country who carry out regular health surveillance activities. All participants in the activity have a defined role, as well as corresponding tasks and responsibilities⁶⁴.

Health and safety reports submitted by workers and their safety representatives are encouraged when Area RSPPs perform on-site inspections and during training and education programmes conducted in accordance with Italian Legislative Decree 81/2008⁶⁵.

The main initiative for health promotion programmes takes the form of the WHP programme 'Workplaces that Promote Health'⁶⁶.

Furthermore, all Group companies are committed to defining specific and measurable targets for improvement, including through a detailed and in-depth collection of information from detailed inspections and constant updating of the Risk Assessment Documents.

⁶³ In particular, the HSE Office is responsible for the maintenance and continuous improvement of the OSH Management System, according to UNI ISO 45001:2018; the office also carries out risk assessments; carry out monitoring and control activities on OSH aspects; propose the content of health and safety education and training and its planning.

⁶⁴ GRI Standard 403-7 Prevention and mitigation of occupational health and safety impacts directly related to business relations

⁶⁵ GRI Standard 403-4 Worker participation, consultation, and communication on occupational health and safety

⁶⁶ GRI Standard 403-6 Promotion of worker health

The risks and ways of determining occupational diseases are assessed in the DVR. Among the risks specific to the sector in which Esselunga operates, the one related to the handling of loads, which is constantly monitored through:

- an ongoing discussion on organisational and operational changes;
- risk assessment updates carried out with the support of external companies;
- the activity carried out by specialists within the HSE team⁶⁷, who plan and implement specific actions such as the implementation of exoskeletons, modifications to furniture, etc.

Employees ⁶⁸	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Recorded cases of work-related accidents	567	368	935	631	339	970	658	336	994
Workplace	446	271	717	492	237	729	527	253	780
Ongoing	121	97	218	139	102	241	131	83	214
Deaths from accidents at work	-	-	-	-	-	-	-	-	-
Workplace	-	-	-	-	-	-	-	-	-
Ongoing	-	-	-	-	-	-	-	-	-
Recognised work-related illnesses ⁶⁹	2	1	3	-	-	-	-	1	1
Rate of recordable work-related accidents ⁷⁰	22.4	22.2	22.3	25.0	21.4	23.6	25.5	21.3	23.9
Rate of fatalities as a result of work-related injury	-	-	-	-	-	-	-	-	-

Contractors	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Recorded cases of work-related accidents	8	6	14	5	5	10	8	4	12
Workplace	7	6	13	5	5	10	8	4	12
Ongoing	1	-	1	-	-	-	-	-	-
Deaths from accidents at work	-	-	-	-	-	-	-	-	-
Workplace	-	-	-	-	-	-	-	-	-
Ongoing	-	-	-	-	-	-	-	-	-
Recognised work-related illnesses ⁶⁵	-	-	-	-	-	-	-	-	-
Rate of recordable work-related accidents ⁶⁶	31.5	17.7	23.6	23.7	21.1	22.3	23.1	24.7	23.7
Rate of fatalities as a result of work-related injury	-	-	-	-	-	-	-	-	-

It is specified that in 2023 there were no accidents with serious consequences for employees and contract staff.

On 16 February 2024 at the building site located in Florence, between Via del Ponte di Mezzo, Via Giovanni dei Marignolli, Via Giovanni da Empoli and Via Giovan Filippo Mariti, where the company La Villata S.p.A. Immobiliare investimento e Sviluppo, a subsidiary of Esselunga S.p.A., awarded a contract for the construction of an Esselunga Superstore, a reinforced concrete beam collapsed and fell onto the floors

⁶⁷ Within the HSE group there is the professional figure of the ergonomist with Eur.Erg certification.

⁶⁸ GRI Standard 403-9 Work-related injuries

⁶⁹ GRI Standard 403-10 Work-related ill health

⁷⁰ [Number of recordable occupational accidents] / [Number of hours worked] x 1,000,000

of the lower floors, causing the death of five workers of two subcontractors and the injury of three others.

Deep and immediate condolences were expressed by the company, and Esselunga shops in Florence and province were immediately closed on the day of the accident and on the afternoon of Saturday 17 February.

5.1.9 Industrial relations and operational changes

Since the early seventies, Esselunga has developed an intense collective bargaining process that is the result of a structured relationship with the trade unions that are signatories to the national collective bargaining agreement for the sector. Collective bargaining covers 100%⁷¹ of the Group's employees.

Supplementary collective bargaining, on the other hand, which covers about 100% of employees at Esselunga S.p.A., has intervened over time in numerous issues of a regulatory nature (such as reduced weekly working hours, additional study leave, leave for medical check-ups, work organisation and shifts, trade union and information rights, etc.).

In addition, as of 2016, a number of important collective bargaining renewal agreements have been signed between Esselunga S.p.A. and the trade unions, which have regulated work on Sundays and public holidays more generously than the national collective bargaining agreement and have introduced a comprehensive welfare system, which allows employees to convert their annual result bonuses into services, with economic and fiscal advantages. In general, the Group considers that the right of free association cannot be infringed in any way within its activities.

In terms of possible collective events, such as operating changes concerning Esselunga S.p.A., these are communicated to the affected employees and trade union representatives with notice of (i) usually, three to six months in the event of temporary closure of a shop/factory and in the event of transfer of all personnel employed in a shop/factory, (ii) approx. 15–30 days when the schedule changes for an entire shop/factory. Additional operating changes are managed for Esselunga S.p.A. and for the other Group companies based on trade union agreements and in compliance with the provisions of current legislation.⁷²

5.2 Commitment to the Community

Esselunga has always supported the communities in the areas it works in, through cash donations (direct contributions), fundraising and education for its customers (indirect contributions), and food donations thanks in part to the charitable work of its suppliers (contribution of goods)⁷³. The many activities the Group does for the community allow it to strengthen its bond with local areas and restore the trust customers place in it.

In 2023, the main initiatives focused on three macro-objectives:

- generating a positive contribution on the ground, redistributing food surpluses and promoting inclusion and support for the most vulnerable groups in society and charitable projects;

⁷¹ GRI Standard 2-30 Collective labour agreements.

⁷² GRI Standard 402-1 Minimum notice periods regarding operational changes.

⁷³ GRI Standard 413-1 Operations with local community engagement.

- promoting sport, the culture and education of the younger generations;
- supporting scientific research.

As far as indirect contributions are concerned, over the year Esselunga organised numerous fundraising activities, promoting, with the help of customers and suppliers, various initiatives in the above three areas of intervention.

Collaboration with Food Bank

Esselunga has been collaborating with Food Bank for over 15 years to donate surplus food from the supermarkets to those in need. Products close to their expiration date, but still perfectly suitable for eating are donated to people and families in need through charity associations and organisations in Italy who have an agreement with the Food Bank. **During 2023, Esselunga, together with its suppliers, donated goods amounting to more than 4 million meals (over 2,000 of tonnes).**

Amici di Scuola e dello sport

The Amici di Scuola initiative was launched in 2015 with the aim of supporting families and schools in the area where Esselunga is present. The initiative allows customers to collect vouchers to donate to nurseries, pre-schools and lower and higher primary and secondary schools, which in turn can receive free computer equipment and teaching materials. Since 2023, the project has also been extended to amateur sports associations and societies, under the new name '*Amici di Scuola e dello Sport*' (*School and Sport Friends*), giving them the opportunity to choose equipment for all amateur sports, present in the specially renewed catalogue, including tools to promote sport also among people with disabilities. **In 2023, orders for school supplies and sports equipment worth €17.3 million were collected for more than 14,000 schools and 7,000 sports clubs.**

6. Our craft

6.1 Customer care

Every person in the Group is committed to satisfying consumer requests, by offering them: neat and functional shops, carefully selected and controlled quality products, advantageous pricing policies and a high level of service. To pursue these targets in a consistent way, Esselunga has put in place processes for gathering and analysing needs, for the procurement and processing of raw materials and for checking and transporting the products.

6.1.1 Policy implemented by the organisation

Customer Service supports the company in the fundamental task of placing customer focus at the centre of its activities.

A team of over 100 people, located between the Milan and Florence offices, works to achieve high-level performance determined by qualitative and quantitative KPIs, also with the collaboration of external call centres and through the adoption of advanced CRM (Customer Relationship Management) technological solutions.

Specialised personnel respond courteously and professionally, 7 days a week, to reports and suggestions from customers, who use the various touchpoints made available by the Group (telephone, email, form on website and app, in-store assistance, chat and chatbot for online shopping) to facilitate direct contact and interaction.

Listening to customers, providing them with assistance and getting their voice across to the company's stakeholders is one of the organisation's missions to assess needs

and requirements, with the task of taking corrective action if necessary in a process of continuous improvement.

Each year, more than one million contacts give value to the business, allowing the degree of customer satisfaction with the service received to be monitored.

In addition, strengthening the synergy with the points of sale has also made it possible to develop paper-free and digitalisation projects with the aim of significantly reducing the use of printed paper for Fidelity services, and to promote more sustainable behaviour to the benefit of the environment and internal operations.

6.1.2 Main risks and opportunities

Inadequately managing customers, their reports, and their expectations can have far-reaching repercussions on the companies' reputations, with a consequent reduction in satisfaction and loyalty. The untimely and unstructured handling of false or excessively negative information from traditional media, social networks and the web, as well as the failure to adapt to socio-economic changes (such as, for example, evolving purchasing habits and nutritional needs) represent the main risks to which the Group is exposed.

Adequately managing the customer and their expectations is a fundamental asset in strengthening and growing brand and Group company loyalty.

Particular attention is paid to the application and evolution of customer protection regulations, with the aim of adapting internal procedures, shop signage, institutional and Customer Service communication.

Lastly, one of the central risk areas for the Group is the protection of Customer privacy and personal data.

For Esselunga, offering a high level of service also means carefully and promptly handling all complaints, which totalled 257,797 in 2023. Of the total number of complaints received, 234,751 were found to be assessable by the company and 96.5% of them were dealt with during the year.

Assessable complaints received	2023			2022			2021		
	Received	% Dealt with out of total	% Grounded out of total	Received	% Dealt with out of total	% Grounded out of total	Received	% Dealt with out of total	% Grounded out of total
Tot. Complaints on products	62,260	26.1%	11.1%	54,639	21.9%	10.8%	86,012	29.5%	13.4%
Tot. Complaints on services	172,491	70.3%	34.2%	185,618	73.8%	37.4%	179,477	57.9%	33.8%
Tot. Complaints	234,751	96.5%	45.3%	240,257	95.7%	48.2%	265,489	87.4%	47.1%

It should also be noted that during 2023, there were no complaints/claims from customers, third parties or supervisory authorities concerning data leakage, theft or loss⁷⁴.

⁷⁴ GRI Standard 418-1 Founded complaints regarding breaches of customer privacy and loss of customer data.

6.1.3 *Product quality and safety*⁷⁵

Esselunga bases its sales policies on an unwavering commitment to guaranteeing the quality and safety of food, which are constantly and carefully monitored. Precisely in order to guarantee constant monitoring of these issues, Esselunga, since the early 1980s, has decided to equip itself with a dedicated internal function: the Quality Assurance Department, which specialises in managing all aspects of quality and product safety issues. The activity includes the qualification of all incoming suppliers for aspects of both food safety and compliance with product regulations, carrying out inspections and analyses at in-house production facilities, branded product suppliers, farms, livestock and feed mills. As proof of Esselunga's commitment, FSSC 22000 (Food Safety System Certification) was successfully achieved in 2018. In 2023, this certification was maintained for all production facilities and was extended for the Ce.Di in Florence in addition to those already achieved for the Ce.Di in Biandrate, Pioltello and Liscate. In 2018, Organic Certification was obtained for the production facilities and the Ce.Di. Subsequently, the certification was extended to the E-Commerce warehouses for a total of 28 certified facilities in the year 2023.

In addition, the Quality Assurance Department, in order to ensure the food safety of all private label products, conducts a sampling plan on both products and proprietary production sites to assess the following requirements:

- a) legal and product quality standards (chemical, microbiological, product-type and labelling analysis);
- b) sanitation of environments (microbiological analysis);
- c) production processes (line controls).

For each testing plan, the following have been specifically established:

- determinations/indices: of a specific chemical and biological nature for each product matrix (pH, aw, moisture, residues, pathogens, etc.); of the production process (heat treated or not); for the shelf life and intended use (for cooking/ready to eat);
- analytic frequency: for raw materials is determined by the assessment of the probability of a hazard having occurred at European (RASFF) and/or national level (surveillance report or media cases) and correlated with the incidence of the raw material. For finished products made by third-party suppliers, the frequency is defined according to the commercial line and product requirements

In total, the Quality Assurance Department processed more than 82,000 samples for a total of more than 1.5 million determinations; Many of these analyses were performed by in-house laboratories (more than 64 thousand samples for a total of more than 246 thousand determinations).

In the year 2023, there was an increase of 9% compared to previous years in the normal activities of the control bodies⁷⁶. This supervisory activity resulted in a limited

⁷⁵GRI Standard 416-1 Assessment of the health and safety impacts of product and service categories.

⁷⁶ Health inspections of shops, e-commerce warehouses and distribution centres, product labelling checks and administrative inspections.

number of prescriptions, all of which were managed in compliance with the company's protocols and procedures in force.

Management of complaints by the Quality Assurance Department

Esselunga has adopted a specific procedure to ensure effective management of customer complaints concerning private-label products, as well as all other products in the range.

Indeed, Esselunga collects and analyses all complaints received through the complaint forms in the store, the website, the Customer Service freephone number, email, letter, fax, Facebook and other social networks. Complaints collected in this way are then appropriately catalogued by customer service, which assigns and sends the reports to the competent functions. Among these, the Quality Assurance Department carries out a careful analysis of complaints relating to hygiene, safety, transparency and communication aspects concerning labelling and legislation and, for products manufactured in its own production sites and by third-party suppliers, also to quality and product characteristics.

The Quality Assurance Department also has the task of requesting from customers, while waiting for samples, where applicable, any further information on the anomaly found through the Customer Service. This includes photos, lot number and expiry date in case the reports are incomplete.

If it is possible to find the sample of the product referenced in the report, the Quality Assurance Department proceeds to evaluate it, sometimes through specific analyses, and involves the supplier, where they can be identified, by making the sample available for the necessary checks. In cases deemed critical and where there is no possibility of identification, all suppliers traceable to the product are involved.

In the event that it is an Esselunga brand product, the Quality Assurance Department's technicians formulate a response after a discussion with the supplier or following internal investigations. For non-Esselunga branded products, the supplier will provide the answer directly if the customer has consented to share their data; alternatively, Esselunga will act as an intermediary.

If multiple complaints are received by several shops simultaneously concerning one batch, the technician from the respective Quality Assurance Department will be promptly notified so that they carry out a more in-depth check, if necessary, on an appropriate number of other shops, warehouses or factories and, if applicable, evaluate whether to recall the product from the market.

Finally, the Quality Assurance Department periodically monitors the situation of the complaints received and managed and the related information deemed of greatest interest.

6.1.4 Labelling, transparency and communication

This commitment to guarantee the quality and safety of products also involves transparent communication to customers of all relevant information, so they can make informed purchasing decisions.

Esselunga is fully aware of the influence that its communication strategies can have on customers' food choices and, for this reason, promotes responsible and transparent communication that provides consumers with comprehensive, accurate information to guide them in their buying and consumption choices. Furthermore, Esselunga undertakes to monitor reports transmitted through traditional and online channels on the issues of responsible communication and marketing, thus listening to consumers, to whom dedicated, clear and punctual answers are provided. The reports represent an opportunity to dialogue with the consumer and provide the stimulus, where necessary, for targeted corrective actions. As evidence of this, Esselunga has not recorded any cases of violation and/or non-compliance with regulations or voluntary codes relating to marketing activities, such as advertising, promotion and sponsorship.⁷⁷

With regard to labelling and information on products and services, in 2023 there were 4 cases of non-compliance resulting in a sanction or fine⁷⁸.

⁷⁷ GRI Standard 417-3 Cases of non-compliance concerning marketing communications.

⁷⁸ GRI Standard 417-2 Incidents of non-compliance concerning product and service information and labelling.

6.1.5 *Innovation, sustainable products and healthy lifestyles*

Esselunga has maintained its commitment and its propensity to revisit the recipes of branded products in order to improve and balance their nutritional properties. The promotion of a healthy lifestyle also takes place through the development of specific sales lines such as Esselunga Equilibrio and Esselunga BIO.

At the same time, Esselunga has developed further innovative projects aimed at extending its range of brand products. With the following being particularly noteworthy:

- support for customers with specific dietary demands, with a gluten-free line, which grew to 23 products in 2023, all certified with the Spiga Barrata symbol of the Italian Coeliac Society, which indicates products that are completely safe and suitable to be eaten by people with gluten intolerance or coeliac disease;
- creation of “lowest price” products in order to offer customers a vast assortment in terms of price proposal on 442 items.

Esselunga is also very attentive to dietary education and the principles of healthy and balanced nutrition. For this reason, the various initiatives supported in the area are flanked by activities in collaboration with Madegus-Maestri del Gusto, a company specialised in food education, through the realisation of didactic workshops dedicated to children on an appropriate lifestyle and dietary regime.

In addition, to meet customers' online purchasing needs, Esselunga is continuing to expand the number of items offered on the e-commerce sales channel, which from 2022 will also include a wine shop, parapharmacy products and over-the-counter medicines.

6.2 **Supply chain**

6.2.1 *Policy implemented by the organisation*

Esselunga is aware that responsible management of the supply chain in a strict and responsible manner is: (i) a strategic advantage and an instrument to prevent or mitigate in a timely manner any situation that could undermine the Group's reputation; (ii) a tool that makes it possible to strengthen virtuous and loyal collaborative relationships between the various players involved in the long term.

Esselunga buys raw materials, semi-finished and finished products, which follow different logistical flows defined according to sales forecasts, guaranteed minimum stocks, product shelf-life and available shelf space. Fresh products are delivered daily, while packaged products are delivered daily, weekly or bi-weekly and by appointment. Raw materials are processed into Esselunga-branded products in the plants in Limoto di Pioltello and Parma, as well as in the two Meat and Fish Processing Centres. From there, the finished products are checked and transported to distribution centres, where supply to shops, warehouses and e-commerce is organised, taking into account daily replenishment needs, and ensuring that the highest nutritional and quality levels of the products are maintained, and that food waste is limited. The distribution centres are strategically located to allow daily replenishment of all shops, which issue orders for all product categories every day, also with the help of forecast systems for reordering references⁷⁹.

⁷⁹ GRI Standard 2-6 Assets, value chain and other business relationships.

Over the years, the offer in Esselunga shops has become more and more extensive in order to meet customers' needs: Although foodstuffs form the main part, other non-food categories such as perfumery and beauty items, newspapers and books, toys, stationery, underwear and flowers are also available. In addition to offering finished and packaged products, the shops have production and processing departments, such as the delicatessen, where ready-made meals are prepared with selected ingredients to reproduce traditional recipes. In addition to the delicatessen, there are other departments in the sales network, such as the bakery, meat and fish shop, the Elisenda pastry shop and the parapharmacy.

Since 2001, Esselunga has also developed an e-commerce service, whose assortment consists of thousands of items including fresh produce, delicatessen products and consumer packaged goods. Customers' groceries are packaged a few hours before delivery and delivered by refrigerated vehicles at different temperatures (for frozen and fresh) in order to scrupulously respect the cold chain. The e-commerce service makes use of three distribution structures: dedicated central warehouses, Web Stores, i.e. special areas within traditional shops used for the preparation of online shopping, and Drive and Lockers for the click-and-go service, through which customers can pick up the shopping ordered online at the selected locker or shop.

Esselunga has also developed the local format laESSE, which provides various items for everyday shopping, lockers for the click-and-go service, and, at some shops, the possibility of eating freshly prepared meals and pastry products by Elisenda thanks to cafés with open kitchens.

Inside many stores there are also Atlantic Bars offering breakfast, lunch and aperitifs, made with selected ingredients directly from Esselunga supermarkets.⁸⁰

Given the complexity of the supply chain, in order to increase the awareness and accountability of its suppliers, Esselunga mandatorily requires that they read the OMCM as per Legislative Decree 231/01, the Code of Ethics and Conduct, and the Suppliers' Code of Conduct, at the time of qualification or renewal.

6.2.2 *Main risks and opportunities*

The main supply chain risks can arise from a variety of factors. Firstly, the choice of technically and professionally unsuitable suppliers can generate delays and inefficiencies with consequences for business continuity. In addition, the company may suffer reputational damage due to working with suppliers who do not respect the human rights of their workers (e.g. through the use of child, forced or underpaid labour) or who violate environmental protection regulations and are involved in the depletion of natural resources. In addition to reputational damage, these events present a risk for the company from a legal and financial point of view, which could lead to legal action with consequent sanctions.

The current supplier qualification process represents a risk prevention system. Esselunga assesses the ability of potential commercial suppliers to meet the standards required by the Group in terms of economic and financial strength and capabilities,

⁸⁰ GRI Standard 2-6 Assets, value chain and other business relationships.

ethical reliability, compliance with food safety requirements, and technical and organisational skills.

In order to improve the responsible and sustainable management of its supply chain, Esselunga launched a project in 2023 to integrate the qualification process of commercial suppliers under the⁸¹ brand with sustainability criteria according to a risk-based model, which will make it possible to monitor the level of maturity of suppliers with respect to ESG practices and identify possible improvement actions. Following a preliminary analysis of the current process, a questionnaire on sustainability aspects was developed (with questions on, for example, the management and monitoring of aspects related to human rights and social practices, the environment and the supply chain) to collect the information necessary to assign suppliers a level of risk. The questionnaire was developed from the Supplier Code of Conduct. In order to test the effectiveness of the prepared questionnaire and the defined ESG qualification process, a sample of suppliers was identified to whom the questionnaire was sent in early 2024. On the basis of the answers obtained from the sample of suppliers, the risk-based methodology adopted will be refined and a plan for ESG audits of suppliers will be defined, evaluating the extension of the questionnaires over time to other suppliers in the qualification phase.

With regard to non-commercial suppliers, the qualification, verification and monitoring management process is being strengthened and redesigned. This process will be at full speed at the beginning of the second half of 2024.

At the end of the current qualification and contract stipulation process, the Quality Assurance Department performs spot checks and inspections on the supplier, on its own-brand products and the raw materials at its production sites, relying on its own technicians and the support of external bodies. Particular attention is paid to controls to mitigate the risk of food counterfeiting of raw materials.

6.2.3 Responsible supply chain management

In order to pursue continual improvement goals of its supply chain Esselunga promotes:	
	Fruitful and long-term collaborations with suppliers through procurement policies that prohibit Dutch auctions
	The short supply chain principle, undertaking to reduce the number of companies and steps from farm to table
	Growth of the local economy by (i) increasingly sourcing products from within Italy, supporting small businesses, and (ii) promoting regional products and production processes
	The fight against child labour by signing the Suppliers' Code of Conduct, which stipulates that suppliers must not employ staff who work against their will or who are not free to terminate their employment contract. Esselunga also promotes the registration of supplier companies in the Quality Agricultural Work Network. ⁸² The Third Party Analysis and Assessment Office carries out in-depth investigations and enquiries into the ethical and reputational situation of the members of the potential supplier's corporate structure (shareholders, directors, proxies and subsidiaries). During 2023, checks were carried out on 2,700 partners and/or potential partners.

⁸¹ In the context of this project, branded commercial suppliers are defined as suppliers of branded products, raw materials and packaging.

⁸² The Quality Agricultural Labour Network was set up with the aim of curbing the phenomenon of "caporalato" (forced labour) in our country's agricultural sector, as a tool to combat the exploitation of farm workers and labourers, which is often linked to criminal organisations. It takes the form of a 'certified' list of agricultural enterprises that, following a request voluntarily submitted by them to INPS, are in compliance with labour, social legislation, income tax and value-added tax provisions.

The Quality Assurance Department, made up of around 50 technical experts including agronomists, veterinarians, food technologists and microbiologists, in order to maintain the highest standards of food hygiene and safety, relies on three in-house laboratories and numerous accredited external laboratories. It also plays an active role in:

- ensuring compliance with the regulations of organic products produced on their own sites and by third-party suppliers, through controls on the production process, the product or the supply chain;
- defining labelling requirements with suppliers;
- promoting compliance with the stringent food safety requirements of branded products through inspections of producers and/or analytical assessments of the product, raw materials and production environment;
- promoting compliance with quality standards of taste characteristics;
- supporting the Commercial Department in the development and control of branded products;
- collaborating with Food Bank facilities on assessing food safety requirements and principles through audits at their facilities.

6.2.4 Support and collaboration with local suppliers

Esselunga has always paid particular attention to promoting traditional local products and choosing local suppliers⁸³ that guarantee greater freshness and better prices. This care for local areas is also evidenced by Esselunga's approach to producing its own-brand products, as in 2023, 80% of them were entirely produced in Italy.

The Group is committed in various ways to promoting local products at its shops. Firstly, it increases every year the amount of PDO, PGI and DOCG products on its shelves, in the knowledge that they not only strengthen bonds with local areas but are synonymous with quality, safety and production excellence. In 2023, more than 1,700 top-quality products certified under the DOP, IGP, DOCG, DOC and IGT denominations went on sale in Esselunga's shops. In this regard, to support Italian products, again in 2023 promotional activities were launched, with the aim of showcasing local producers, regional products, products of note and the gastronomic traditions of our country.

In 2023 the initiative was repeated in partnership with the inter-professional organisation Ortofrutta Italia under the patronage of the Ministry of Agriculture, Food Sovereignty and Forestry (MASAF) for the promotion of Italian fruit and vegetable products (quality and seasonality). The project aims to highlight key seasonal products; cooperation activities with various Italian consortia also continued in the gastronomy department.

6.2.5 Animal welfare

Esselunga is committed to consolidating and developing, together with its suppliers, an innovative approach to farm management, based on respect for animal welfare, in order to meet consumers' needs both in terms of ethics and quality and safety of

⁸³ GRI Standard 204-1 Proportion of expenditure on local suppliers

products on sale. For example, as far as Naturama branded products are concerned, Esselunga has specified in the technical specifications that it requires suppliers to sign that they are obliged to keep all breeding sites in optimal conditions of cleanliness and maintenance, so as to ensure production hygiene and animal welfare. The same suppliers are called on to carry out inspections at the slaughterhouses and farms involved in the production process, to check full compliance with existing regulations and ensure ideal hygiene levels (medical treatment, animal welfare, etc.). But Esselunga's commitment goes beyond that, and takes the form of specific initiatives in each sector:

Meat 	• Adoption by the Group of the Italian National Animal Welfare Reference Centre's (CReNBA) standard on Naturama beef from calves, bullocks and heifers bred in Italy; • Removal of fresh eggs from caged hens from the range and exclusive use of cage-free Italian eggs, produced without antibiotics, for all products prepared in Esselunga's own facilities: fresh pasta, bakery products and pastries, delicatessen products; • Antibiotics are not used when breeding Naturama chicken; • Introduction in 2018 of the Naturama pork line; the animals are bred under strict rules of animal welfare and using antibiotics responsibly; • Removal of foie gras produced by force-feeding geese; • In 2020, antibiotic-free Naturama turkey and capon was added; • In 2021, inclusion of some well-being requirements (natural lighting and environmental enrichment) in plant-fed Pollo (chicken) Esselunga products; • Active participation in institutional discussions on developing new systems for the assessment and labelling of animal welfare. • In 2023, Esselunga introduced a line of chicken called Pollo TOP - Sunday Chicken: is a 100% Italian supply chain, using a slow-growing breed, bred without the use of antibiotics and with a plant-based diet. The supply chain ensures animal welfare on the farm through increased freedom of movement, natural light and environmental enrichment.
Fish 	• For the Esselunga Naturama brand rainbow trout supplied by ASTRO (Associazione Trotaicoltori Trentini), water quality monitoring has been carried out for several years at the entrance and exit of the fish farm to check the low environmental impact of these farms; • For tuna and swordfish, any fish from vessels reported for illegal fishing is banned; Transshipments at sea are allowed only if accepted and authorised by regional fisheries management organisations (RFMOs). It is also certified by associations such as Friends of the Sea, an NGO that classifies the product following inspections to check the raw material sustainability under all respects; • In 2021, the following were added: ◦ umbrina fillet raised in Italy without antibiotics sold at the fish counter; ◦ ocean amberjack fillet and salmon from sustainable fishing. • In 2022, the following were added: ◦ Products from sustainable fisheries, such as salmon fillet in pastry ◦ salmon and broccoli meatloaf, salmon peppers and scamorza cheese meatloaf and lightly smoked dill-salmon.

7. The Planet

7.1 Policy implemented by the organisation

Esselunga is a complex organisation that integrates production and distribution of goods. Like any other production company, it identifies the environmental impact of its activities. It is with this in mind that the Group is actively dedicated to mitigating its impact on global environmental issues, allocating resources to optimise its practices, while maintaining its focus on customer satisfaction and product excellence. In the pursuit of responsible environmental management throughout the supply chain,

Esselunga identifies and aligns itself with the main themes relevant to its sustainability strategy, such as combating climate change, reducing waste, sustainable packaging management, adopting a circular approach to the economy and supporting biodiversity.

As part of its Integrated Management System⁸⁴, and in line with the Sustainability Policy, Esselunga periodically updates its environmental policy and undertakes to:

- reduce food waste by avoiding consumption of resources;
- promote eco-design, including through the life cycle analysis of materials, encouraging recovery, recycling and the circular economy;
- promote the use of sustainable technologies, through design criteria and procurement policies, to reduce the risks associated with climate change by using renewable energy and improving the energy efficiency of buildings, machinery and equipment;
- consider the environment, the fight against climate change and sustainable development as strategic factors to be preserved in the operation and performance of its activities, adequately monitoring the management of these aspects through a sustainability plan.

Careful and constant monitoring of environmental issues is guaranteed by an ad hoc management model that includes:

- The HSE office, which, based on an integrated approach, is responsible for the definition and the maintenance of the Environmental Management System and collaborates with the Technical Department on the Energy Management System (both abbreviated as EMS) of Group companies, as well as for the management and control of waste, disposal and emissions;
- The Technical Department which, through its two functions in the construction and plant engineering sectors and on the basis of Group and corporate environmental policies, centrally defines strategic guidelines, initiatives and operating methods in the areas of energy efficiency and management of renewable sources, reduction in consumption and plant engineering initiatives. Since 2023, it has been in charge of the Energy Management System (EMS) for both the procedural and the audit part.

7.2 Main risks and opportunities

Esselunga is aware that the production and distribution of goods impact the environment; for this reason, over time it has developed technical skills in the control and direct management of environmental issues in order to combat climate change, reducing greenhouse gas emissions and minimising the climate risks to which its business is exposed. The supermarket and food production sectors are particularly exposed to physical and transitional risks deriving from climate change, with direct or indirect repercussions on business, assets, customers and employees, with consequences on its financial position as well.

Physical risks, in particular, mainly affect agricultural production, with negative effects on crop yields and livestock production. As such, physical risks can relate to the

⁸⁴ UNI EN ISO 14001:2015 certification on all Esselunga Group sites without any exclusions, obtained in 2016 and renewed in 2022.

disruption of supply chains (including the supply of raw materials) and manufacturing processes. Transition risks, on the other hand, refer to the possible introduction of a carbon price on direct emissions from livestock farming, agriculture and production and processing. However, they can also take the form of an increase in the prices of raw materials, due to the impacts to the yield, and energy costs, particularly in energy-intensive production processes. In this context, Esselunga is committed to understanding, managing and communicating the implications climate change has now and may have in the future for the Group, addressing the possible effects in the various phases of the value chain and translating them into development opportunities as regards, for example, access to new markets, synergies to foster the development of a more resilient supply chain, the energy efficiency of buildings, means of transport, use of energy resources, the transition to renewable energy and the development of new products and services.

Climate risk⁸⁵

As part of its sustainability strategy, Esselunga has defined several specific objectives to respond to the challenges of climate change, such as reducing greenhouse gas emissions, using renewable energies, finding more sustainable packaging solutions, managing food surpluses and waste more efficiently, and safeguarding biodiversity by defining a strategy and starting to implement it through a structured analysis of the main impacts.

In 2023, Esselunga joined, for the third year running, the CDP Climate Change questionnaire (which is the main tool for assessing and comparing performance in this area) for reporting on CO₂e emissions, energy consumption, the approach to climate risk and the presence of any reduction targets. In addition, in 2023, Esselunga continued an awareness process on the potential consequences of physical and transitional risks related to climate change with the identification and assessment of the main financial impacts it could suffer due to the effects of climate change and the main climate impacts it could generate due to its operations, publishing the 'Climate Change Report' according to the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures).

In developing and launching new product packaging, a prudential approach is adopted, which translates into evaluating a new solution (supply chain, financial aspects, food aspects, environmental impact, production feasibility, shelf life and appearance) and, as regards the environmental aspects, an impact analysis along the entire supply chain through the LCA (Life Cycle Assessment) tool.

7.3 Climate change

The Esselunga Group's activities require considerable consumption of energy resources and generate greenhouse gas emissions. In order to ensure adequate control of energy consumption, a reorganisation of activities in line with international standards as per ISO 50001:2018 was initiated, obtaining certification from January 2022, renewed for the year 2023 after surveillance audits by a third party.

Esselunga on the basis of the thermal power of its plants (thermal power stations, cogenerators, emergency generators) falls within the European Union Emissions Trading System (EU ETS). This represents one of the main tools adopted by the European Union to achieve CO₂ reduction targets in the main industrial sectors by requiring companies to offset, on an annual basis, the emissions generated by plants that fall within the parameters dictated by the reference standard. On this front, while in 2021 all Esselunga's production sites had installations that fell within the EU ETS, in the following years, thanks to various measures, including the replacement of diesel

⁸⁵ GRI Standard 201-2 Financial implications and other risks and opportunities due to climate change.

gensets with smaller sizes, first in 2022 and then in 2023, the Parma site came out of it, and as for Biandrate, an application was submitted and a response is awaited. In fact, to date, only the Limoto di Pioltello site still falls under the greenhouse gas emission allowance trading scheme. Within the general framework of continuous improvement, monitoring energy consumption is key to achieving goals for reducing the Group's impact and consequently increasing the energy efficiency of its shops and production and logistics centres. Total energy consumption⁸⁶ from renewable and non-renewable sources for 2023 was around **3.4 million Gj**. In 2023, new photovoltaic solar power plants were activated, while contracts for energy from renewable sources remained unchanged, bringing the overall share of energy from renewable sources to 55%. In contrast, direct and indirect greenhouse gas emissions worsened as a result of leakage of F-gas contained in refrigerant circuits.

Total energy consumption in Gj	2023		2022		2021	
	Direct ⁸⁷	Indirect ⁸⁸	Direct	Indirect	Direct	Indirect
From renewable sources	38,325	1,829,107	28,223	1,795,474	23,568	903,925
From non-renewable sources	904,523	619,961	962,340	648,678	1,022,084	1,462,486
Electricity produced and fed into the grid ⁸⁹	4,925		14,970		13,734	
Total energy consumption	3,386,991		3,419,746		3,398,329	
Energy intensity⁹⁰ (Mj/m2)	3,781		3,908		4,053	

In keeping with previous years, the initiatives adopted in shops aimed at reducing energy consumption are:

Shops involved ⁹¹	Sites involved in 2023		Sites involved in 2022		Sites involved in 2021	
	Total sites	Sites involved	Total sites	Sites involved	Total sites	Sites involved
Automatic lighting	116	-	116	-	116	-
Dimming of lights	87	2	85	6	79	10
LED relighting	82	3	79	5	74	8
Closing fresh vertical counters	21	2	19	5	14	7
Car park extractor check ⁹²	50	1	49	1	48	4
Electrostatic filters on AHUs ⁹³	19	5	14	2	12	9
<i>Power Quality⁹⁴</i>	19	11	8	2	6	5

During 2023, 11 new systems were commissioned, bringing the total number of active photovoltaic systems across offices and stores to 71; relighting and the replacement of neon lights with LED lights equipped with presence sensors in the car parks continued. The power quality programme (reduction of disturbances from the power grid) and machine learning (control of conditioning with predictive algorithms) also

⁸⁶ GRI Standard 302-1 Energy consumption within the organisation.

⁸⁷ From the direct consumption of fuels (e.g. natural gas, diesel oil, owned vehicles).

⁸⁸ Derived from the consumption of electricity and, where present, district heating supplied by third parties.

⁸⁹ Energy produced directly by the organisation but fed to the grid as an energy surplus.

⁹⁰ GRI Standard 302-3 Energy intensity.

⁹¹ Data on hourly programming, dimming of lights and car park extractor checks does not include the shops in the area managed by Florence

⁹² Car park extractors ventilate and extract petrol and carbon dioxide fumes.

⁹³ AHU = air handling unit.

⁹⁴ Power quality devices make electrical systems more efficient by installing inductive filters.

continued. These initiatives and structural measures resulted in energy savings of 68,579 MWh⁹⁵ in 2023, equivalent to 35,715 tCO_{2e}/year saved⁹⁶

The Group's energy consumption and activities result in direct and indirect CO_{2e} emissions. Below is the trend in emissions and relative intensity over the last three years:

Atmospheric emissions ⁹⁷	2023	2022	2021
Direct CO _{2e} emissions (Scope 1)	119,482 tCO _{2e}	103,361 tCO _{2e}	95,799 tCO _{2e}
Indirect atmospheric emissions of CO _{2e} (Scope 2) location-based ⁹⁸	256,857 tCO _{2e}	176,635 tCO _{2e}	172,877 tCO _{2e}
Indirect atmospheric emissions of CO _{2e} (Scope 2) market-based ⁹⁹	75,170 tCO _{2e}	78,621 tCO _{2e}	182,648 tCO _{2e}
Emission intensity (kgCO _{2e} /m ²) ¹⁰⁰	217 kg CO _{2e} /m ²	208 kg CO _{2e} /m ²	332 kg CO _{2e} /m ²

Esselunga is also aware of the environmental impact on the distribution chain (indirect emissions, Scope 3), especially due to polluting emissions, induced traffic and road congestion related to the transport of goods. For this reason Esselunga's logistics pursues a strategy to: optimisation of loading compartments and vehicle routes; use of a fleet composed of 12% Euro 5 vehicles, 66% Euro 6 vehicles and 22% LNG vehicles (in 2018 LNG vehicles made up 8% of the fleet) and introduction of a hybrid vehicle and four electric vehicles, in the test phase, for delivery services in the centre of Milan. The Group also implemented a reporting flow aimed at the collection of data related to emissions from journeys made to transport goods. Specifically, estimated emissions from on-road vehicle journeys (refrigerated and not) totalled about 25,542 tCO_{2e}.

Finally, 2023 saw a reduction in the operating hours of the Pioltello steam plant, the Parma cogenerator and the Biandrate tri-generator, resulting in a NO_x reduction of 20%¹⁰¹.

7.4 Packaging and material consumption

By marketing large quantities of products on a daily basis, Esselunga moves (and partly uses) many different types and materials of packaging. In this context the Group has also activated a number of operational tools that will best guide designers and buyers, integrating the search for increasingly sustainable packaging into its approach to managing environmental impacts.

The company also pursues its commitment to the use of packaging for its branded products made from recycled, recyclable or compostable materials. This commitment manifests itself both in the new references placed on the market and in the continuous revision of the articles already on sale.

⁹⁵ GRI Standard 302-4 Reducing energy consumption.

⁹⁶ GRI Standard 305-5 Reduction of greenhouse gas emissions.

⁹⁷ GRI Standard 305-1 Direct GHG emissions (Scope 1); GRI Standard 305-2 Energy indirect GHG emissions (Scope 2).

⁹⁸ A location-based emissions calculation method that reflects the average GHG emissions intensity of grids on which energy consumption occurs, using mostly grid-average emission factor data.

⁹⁹ A market-based emissions calculation method in which GHG emissions, arising from the purchase of electricity from renewable sources, are assigned an emissions factor of zero. Emissions from the remaining energy were calculated by applying an emission factor of 457.1 gCO₂/kWh (residual mix for Italy for 2021).

¹⁰⁰ GRI Standard 305-4 Types of GHG emissions included in the intensity ratio; whether direct (Scope 1) or energy indirect (Scope 2), with a market-based method calculated in m² for shops. The data has been restated to further refine the calculation methodology. Compared to 2018, the intensity of emissions decreased by 60%.

¹⁰¹ GRI Standard 305-7 - NO_x (nitrogen oxide), SO_x (sulphur oxide) and other significant emissions. In 2023, NO_x emissions were 11,875.7 kg.

In 2023, the Group consumed 31,872 tonnes of material¹⁰² for packaging and advertising its products, about 13% less than in 2022.

The Group's expansion must incentivise and accelerate the search for sustainable packaging in order to reduce the placing of non-recyclable materials on the market, without reducing the shelf life of products and increasing food waste.

In 2023, the following goals were achieved:

- 77% of the packaging of items produced by Esselunga is composed of recycled, recyclable or compostable materials;
- an increase of 309 tonnes of ATICELCA recyclable laminated paper, corresponding to 9% of total packaging;
- reduction of 504 tonnes of non-recyclable material

Materials for packs of items produced by Esselunga in tonnes	2023			2022			2021		
	Recyclable	Not recyclable	Compostable	Recyclable	Not recyclable	Compostable	Recyclable	Not recyclable	Compostable
Plastic	5,336	3,606	-	3,804	5,288	-	3,878	5,819	-
Paper and cardboard	5,146	541	6	6,401	410	101	4,136	342	0.2
Laminated paper	1,536	13	-	1,227	4	-	1,199	50	-
Aluminium	185	-	-	187	-	-	171	-	-
Bioplastics	-	-	1,542	-	-	1,742	-	-	1,236
Wood	-	-	4	-	-	-	-	-	-
Steel	75	-	-	48	-	-	35	-	-
Total	12,279	4,161	1,551	11,667	5,702	1,842	9,419	6,211	1,236

In 2023, the Group consumed 23,263 tonnes of material to package the references produced by branded product suppliers (co-packers)¹⁰³.

Currently, 93% of the materials used by suppliers of branded products meet the target of having packaging made of recycled, recyclable or compostable material (27% made of recycled material¹⁰⁴).

Materials for packs of items produced by co-packers in tonnes	2023			2022			2021		
	Recyclable	Not recyclable	Compostable	Recyclable	Not recyclable	Compostable	Recyclable	Not recyclable	Compostable
Plastic	4,570	1,689	-	4,812	2,346	-	4,402	2,602	-
Paper and cardboard	4,473	-	-	5,236	-	-	5,699	-	-
Laminated paper	1,970	12	-	1,949	11	-	2,035	19	-
Wood	18	-	-	27	-	-	18	-	-
Steel	2,073	-	-	2,090	-	-	2,170	-	-
Aluminium	222	1	-	212	1	-	212	2	-
Glass	7,165	-	-	7,636	-	-	7,174	-	-
Bioplastics	51	12	1,007	-	24	777	-	10	890
Total	20,542	1,714	1,007	21,961	2,383	777	21,711	2,632	890

¹⁰² GRI Standard 301-1 Materials used by weight or volume to produce and package the company's main products.

¹⁰³ GRI Standard 301-1 Materials used by weight or volume to produce and package the company's main products.

¹⁰⁴ GRI Standard 301-2 Recycled input materials used.

The consumption of paper used for publishing leaflets and catalogues is currently 100% PEFC-certified. New promotional initiatives or new activities using paper as material will always employ PEFC- or FSC-certified materials.¹⁰⁵

Graphic materials in tonnes	2023		2022		2021	
	Recyclable	Not recyclable	Recyclable	Not recyclable	Recyclable	Not recyclable
Plastic	3	45	4	59	3	62
Paper and cardboard	13,830	2	17,421	1	18,126	4
Adhesive labels	-	-	-	-	-	41
Total	13,833	47	17,425	60	18,130	107

Esselunga pursues its strategy of reusing pallets in logistics through 'CHEP pooling', 'LPR pooling' and from August 2023 'CPR pooling'. This solution is fully sustainable as, in addition the benefit of reusing the product, the pallets are made of wood from controlled forests and is both FSC and/or PEFC certified. The initiative resulted in 2,508m³ of wood saved in 2023, 2,437 tCO₂e saved and 267 tonnes of waste eliminated.

7.5 Waste and waste management

Esselunga has undertaken a number of activities to prevent the creation of waste inside and outside the organisation, both at the upstream and downstream stages of the value chain, and to meaningfully manage the impacts of the waste created¹⁰⁶. The Group, with its dual role as manufacturer and distributor, has decided to make waste reduction one of its priorities. When acting as a producer, its attention is focused on careful planning of industrial processes, as well as the maximum exploitation of all ingredients and raw materials used in food preparation. When operating in its role as a distributor, the main action is to reduce unsold goods as much as possible by adequately planning orders, including through an automatic reordering system, and donating surpluses, where possible, to non-profit charitable organisations, which distribute foodstuffs to needy people in time to prevent them from expiring and to comply with the stringent regulations governing these activities.

Almost all waste generated is handled by third parties, which is common in recycling or waste treatment activities, where specialised companies are contracted to collect, recycle or dispose of municipal waste (shops) or special waste from production activities.

The collection and monitoring of waste-related data takes place through the use of a management information platform by means of authorisation processes divided according to responsibilities and roles.

One of the most significant circular economy projects is the “bottle to bottle” project, created in collaboration with CoriPET, which involves installing reverse vending eco-compactors in shops to raise consumer awareness of environmental issues by increasing the recovery and recycling performance of post-consumer bottles. The project, which in 2023 saw a 27% increase in the number of bottles collected in the

¹⁰⁵ Programme for the Endorsement of Forest Certification (PEFC) scheme and Forest Stewardship Council (FSC).

¹⁰⁶ GRI Standard 306-1 Waste generation and significant impacts due to waste and GRI Standard 306-2 Management of significant impacts due to waste.

56 installed compactors, reaching a collection of 301 tonnes of PET, contributes to the achievement of the objectives of the European strategy for the conscious use and reuse of plastic.

The nappy collection activity, in cooperation with FATER, which resulted in a collection of over 220,000 kg in the past years, has come to an end; The collection of aluminium/plastic coffee capsules started on an experimental basis in 2023. In addition, the collection of used vegetable oils from customers is underway in shops in Milan, which has led to more than 86,000 litres of oil being reused in 2023.

Esselunga also operates three storage facilities for non-hazardous waste from shops (paper and plastic packaging) at the Biandrate, Sesto Fiorentino and Limito di Pioltello sites.

The following table shows the quantities of waste produced and delivered to these plants broken down by type¹⁰⁷:

Hazardous waste - tonnes (shops, distribution centres, offices)	Recovery/	2023 ¹⁰⁸	2022	2021
	Disposal			
Electronic equipment	R13	71	42	23
Non-edible oils	R13	6	5	7
Detergents	D15, R13	0	0	0
Other (batteries, lamps and neon, packaging, antifreeze liquid, insulating materials, etc.)		53	62	64
Total hazardous waste		130	108	94

Non-hazardous waste - Tonnes (shops, distribution centres, offices)	Recovery/	2023 ¹⁰⁶	2022 ¹⁰⁹	2021
	Disposal			
Paper and cardboard including packaging	R13, R3	58,169	67,235	70,168
Wood	R2, R3, R12, R13, D13	10,284	16,625	17,965
Packaging	R13, D13	140	131	127
Plastic	R12, R13, R3	5,345	5,887	6,030
Other (including glass, polystyrene, sludge, edible oils, toner, etc.)		12,809	13,439	14,400
Total non-hazardous waste		86,747	103,317	108,690

7.6 Water and effluent management

The use of water¹¹⁰ for the Group's activities is a subject that is controlled, monitored and, where possible, restricted. Consumption monitoring is carried out for both factories and shops. Specifically, recently opened shops are equipped with meters that allow the quantification of consumption, both at a general level and at the level of individual departments; In addition, a retrofit plan is being implemented with the aim of upgrading the consumption metering system, giving priority to those shops with higher water demand. The water drawn for use in both production and shops may be derived from aqueducts, wells, or from both of these sources. The Group's estimated water consumption in 2023 was 6,887,396m³ 41% from public water services and 59% from groundwater (wells)¹¹¹.

¹⁰⁷ GRI Standard 306-3 Generated waste. The type of disposal or recycling is communicated by Esselunga to the relative suppliers based on codes defined in Italian Legislative Decree 152/06.

¹⁰⁸ The quantities given are subject to changes, as they will be updated after the fourth copy of the forms is returned, and made official following the MUD Declaration in April 2024.

¹⁰⁹ The values differ from the previous NFR in that they are aligned with the official values of the MUD Declaration (after the publication of the document).

¹¹⁰ GRI Standard 303-1 Interactions with water as a shared resource.

¹¹¹ GRI Standard 303-3 Water withdrawal.

Effluent¹¹², where necessary and required by standards, is purified and delivered to the sewer or body of surface water. The minimum quality standards at discharge depend on national and/or local legislation, in order to safeguard the receiving water body; for this reason periodic sampling is carried out for verification of compliance with environmental limits. In particular, the analysis of discharged water resources showed that the total volume of water discharged was 1,208,792 m³. Of this, 226,696 m³ come from surface water sources, while 982,096 m³ come from third parties. It is important to note that the entire volume discharged (100%) belongs to the freshwater category, i.e. that which meets the total dissolved solids criterion of 1,000 mg/l. Only 1% of the total discharged water comes from water-stressed areas¹¹³.

7.7 Biodiversity

Esselunga recognises the importance of preserving and safeguarding biodiversity and ecosystems to ensure sustainable development. In fact, as in 2022, biodiversity emerged as a material theme in this year's reporting in connection with the activities the Group generates on the environment and ecosystems.

Greenery management

The management of greenery in the design and construction of Esselunga facilities is an essential factor that creates value for local communities and reduces the environmental and landscape impact of stores. The company has chosen to adopt, for the sixth consecutive year, the Plan for the Use of Plant Protection Products (PUPF) aimed at directing the management of plant diseases and pests through a prudent and rational use of plant protection products, increasingly focused on the organic. This Plan coordinates the role of Esselunga's Technical Management and its professionals with the work of the gardening companies involved in green maintenance.

The company re-performed the analysis to monitor the presence of its shops, factories and locations within protected areas, deepening the scope of the analysis and including all sites owned or leased, whether they were active (physically open to the public) or under renovation¹¹⁴.

Methodologically, once the geographical coordinates of the individual sites had been identified, the length of the vector connecting the site point identified on the map to the perimeter of the area defined by the Natura 2000 database¹¹⁵ was calculated. The analysis was carried out using QGIS, an open source geographic information system (GIS) that allows users to visualise, edit and analyse geo-spatial data. According to the findings, **7.28%** of the sites are in the **vicinity of protected areas** (less than one km)¹¹⁶.

In addition, in order to understand not only the proximity, but also the possible risks related to the material theme, an assessment was carried out using the Biodiversity Risk Filter (BRF)¹¹⁷, which assesses the level of risk related to biodiversity on a scale of 1 to 5 (where 1 = lowest risk and 5 = high risk). In this sense, biodiversity-related

¹¹² GRI Standard 303-2 Management of water discharge-related impacts.

¹¹³ GRI Standard 303-4 Water drainage.

¹¹⁴ It is specified that all the sites analysed are on Italian national territory and altogether cover an area of approximately 1.5 km².

¹¹⁵ Natura 2000 is an ecological network of protected areas, established to ensure the survival of Europe's most valuable species and habitats.

¹¹⁶ It is specified that all the protected areas included in the analysis perimeter are on Italian national territory.

¹¹⁷ The Natura 2000 network is the main ecological network throughout the European Union, established under the Habitats Directive 92/43/EEC to ensure the long-term maintenance of natural habitats and threatened or rare species of flora and fauna at EU level. It is specified that these sites do not represent strictly protected areas as in the case of IUCN or Ramsar sites, but include more than 2,300 sites for which the Ministry of the Environment, in agreement with the region concerned, establishes conservation measures, obligations and management criteria. The commitments on these areas are defined specifically for each area to be protected, according to its characteristics and the presence of particular species and habitats.

risks stem mainly from two closely linked variables: the impacts that companies have on nature and the different levels of pressure it may be under depending on the geographical area in which it is located. Analysing the geographical locations of the individual sites, in these two respects, no particular criticalities were found to arise from direct activities. In fact, both the impacts that Esselunga could generate on nature and the dependence of its sites on it received low and medium-low risk ratings respectively.

Although Esselunga is aware that potential biodiversity-related risks also exist along its value chain, the analysis confirmed that the Group's direct operations maintain a low level of risk, in line with the previous year's analysis.

GRI content index

GRI content index	
Declaration of use	Esselunga submitted a report in accordance with GRI Standards for the period 01/01/2023-31/12/2023
GRI 1 Use	GRI 1 - Fundamental Principles - Version 2021
Relevant GRI sector standards	N/A - awaiting the publication of the specific industry standard

GRI STANDARD/OTHER SOURCE	DISCLOSURE	DESCRIPTION	REASON FOR OMISSION and EXPLANATION
General Disclosures			
GRI 2 - General Disclosures	2-1 Organisational Details	MANAGEMENT REPORT Esselunga is a wholly-owned subsidiary of Superit S.r.l.; note that Esselunga S.p.A. is not subject to management and coordination. Its headquarters are located in Italy	
	2-2 Entities included in the organisation's sustainability reporting	1. Methodological note	
	2-3 Reporting period, frequency and contact	1. Methodological note Esselunga S.p.A. Via Giambologna, 1 - 20096 Limito di Pioltello (Milan) Tel. 02.92931 - Fax 02.9267202	
	2-4 Review of Information	Any changes have been duly noted and commented on within the text.	
	2-5 External Assurance	LETTER FROM THE INDEPENDENT AUDITORS	
	2-6 Assets, value chain and other business relationships	MANAGEMENT REPORT 6.2.3 Responsible supply chain management	
	2-7 employees	5.1.3 Staff composition	
	2-8 Non-employee workers	5.1.3 Staff composition	
	2-9 Governance structure and composition	MANAGEMENT REPORT The company's Governance structure provides for: - The Shareholders' Meeting - The Board of Directors, the Board of Statutory Auditors and the Supervisory Board. The company has also established the following board and/or managerial committees: - Risk and Sustainability Committee; - Investment Advisory Committee; - Privacy Committee; - Ethics Committee; - Joint Welfare Committee. Please refer to Appendix B for more details.	
	2-10 Appointment and selection of the highest governing body	The members of the corporate bodies are appointed in accordance with the provisions of the law. The choice of these subjects depends on technical knowledge with respect to their role.	
	2-11 Chairman of the highest governing body	In Esselunga, the chairman is an executive member. Any conflict of interest situations are regulated pursuant to Article 2391 of the Italian Civil Code and a specific company procedure.	
	2-12 Role of the highest governing body in impact management control	The Board of Directors approves the Sustainability Policy and Report. There are no procedures to provide for the involvement of the Board of Directors in identifying and managing Esselunga's impacts on the economy, the environment and people, either in meetings with stakeholders or in evaluations of the periodic results relating to the Board's oversight of impact management. With regard to the supervision of impact management, a merit assessment is carried out according to individual needs and critical issues that may arise. Therefore, there is no defined procedure, but rather any points of attention that may arise in the ordinary course of business are assessed. There are no regular meetings concerning the supervision of impact management by board members, but such topics are dealt with when necessary.	
	2-13 Delegation of responsibility for impact management	The CSR Department coordinates the Company's sustainable development, working synergistically with all the corporate functions, each of which monitors the status of activities within its competence and detects any critical issues that emerge.	
	2-14 Role of the Highest Governance Body in Sustainability Reporting	Material issues, resulting from stakeholder engagement and flowing into the NFR, are shared with the Executive Chairman. The Board of Directors is responsible for reviewing and approving the information in this document.	
	2-15 Conflicts of Interest	A company procedure on conflicts of interest is in place and Article 2391 of the Italian Civil Code applies.	
	2-16 Communication of Critical Issues	Any critical issues or concerns are referred to the Executive Chairman and/or the Risk Committee, which involves the relevant functions. Where deemed necessary, issues are brought to the attention of the Board of Directors.	
	2-17 Collective expertise of the highest governing body	2.2 Materiality assessment	
	2-18 Performance assessment of the highest governing body	At present, there is no performance assessment process for the board of directors and other corporate bodies.	
	2-19 Remuneration Rules	5.1.4 Attracting and retaining talent	
	2-20 Compensation determination procedure	5.1.4 Attracting and retaining talent There are no entry bonuses or recruitment incentives or clawback clauses for the highest governing body and executives.	
	2-21 Total annual salary ratio	-	As the company has always been careful to protect the confidentiality of its employees' data, it has decided not to provide the requested data since there is no legal obligation to do so.
	2-22 Sustainable Development Strategy Statement	2.3 Corporate Social Responsibility (CSR) policies and objectives	
	2-23 Policy Commitment	The information is contained within each chapter of this document, in the section entitled "Policy implemented by the organisation"	
	2-24 Integration of policy commitments	2.4 Management and Control Systems and Main Risks 3.1 Fight against corruption - Policy implemented by the organisation 5.1.5 Training and development of people	
	2-25 Processes to Remedy Negative Impacts	2.1 Stakeholder: identification and involvement 2.3 Corporate Social Responsibility policies and objectives 2.5 Approach to tax 3.2 Fight against corruption - Key risks and opportunities	

		6.1 Customer care	
	2-26 Mechanisms for requesting clarification and raising concerns	3.2 Fight against corruption - Key risks and opportunities	
	2-27 Compliance with laws and regulations	In 2023, the Company paid a penalty of €6.6 million for the administrative offence reported in section 2.5 Approach to Tax. For further information on other sanctions, see Chapter 6.1.3 Product Quality and Safety and Chapter 6.1.4 Labelling, Transparency and Communication.	
	2-28 Membership of associations	Esselunga participates in the Retail Alliance Epic. The Group holds a prominent position within the FederDistribuzione association. Esselunga is a member of Assocarni (National Association of Meat and Livestock Industry and Trade), Friend of the Sea and is also a member of the Global Compact and Consumer Good Forum. As far as the Atlantic company is concerned, it is a member of FIPE (Federazione Italiana Pubblici Esercizi), as an employers' association, whose aim is to provide support and assistance to the categories it belongs to.	
	2-29 Approach to stakeholder engagement	2.1 Stakeholder: identification and involvement	
	2-30 Collective agreements	5.1.9 Industrial relations and operational changes	
GRI disclosures			
GRI 3 - Material topics	3-1 Process for determining material topics	2.2 Materiality assessment	
	3-2 List of material topics	2.2 Materiality assessment	
Economic performance			
GRI 3 - Material topics	3-3 Management of material topics	MANAGEMENT REPORT	
	201-2 Financial implications and other risks and opportunities due to climate change	7.2 The Planet - Main risks and opportunities	
Procurement practices			
GRI 3 - Material topics	3-3 Management of material topics	6. Our craft	
GRI 204: Procurement practices	204-1 Proportion of expenditure on local suppliers	6.2.4 Support of and collaboration with local suppliers	
Anti-corruption			
GRI 3 - Material topics	3-3 Management of material topics	3. Fight against corruption	
GRI 205: Anti-corruption	205-1 Operations assessed to determine corruption risks	3.2 Fight against corruption - Key risks and opportunities	
	205-2 Communication and training on regulations and procedures anti-corruption	3.1 Fight against corruption - Policies implemented by the organisation	
	205-3 Confirmed incidents of corruption and measures taken	3.1 Fight against corruption - Policies implemented by the organisation	
Anti-competitive behaviour			
GRI 3 - Material topics	3-3 Management of material topics	3. Fight against corruption	
GRI 206: Anti-competitive behaviour	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Esselunga operates in accordance with the highest ethical principles of transparency, fairness and loyalty, in full compliance with applicable laws and centring its efforts on forging a relationship of trust with its customers. In this regard, it should be noted that with a notice sent via certified email (PEC) to Esselunga on 11 November 2022, the Florence Office of the Department of Central Inspectorate for Fraud Repression and Quality Protection of the Agri-Food Products and Foodstuffs alleged a potential violation of Art. 4, paragraph 4, letter a) of Italian Legislative Decree 198/2021, concerning unfair commercial practices in relations between companies in the agricultural and food supply chain, against the company. In particular, the allegations relate to "the return by the buyer to the supplier of unsold agricultural and food products without payment for such unsold products or for their disposal". Esselunga contested the Authority's allegations in their entirety in a memorandum dated 9 December 2022 and at the same time filed a request for access to the records of the administrative proceedings initiated. The proceedings are still at the preliminary stage. In addition, following a complaint received on 28 February 2023, the AGCM started an investigation (also) against Esselunga to ascertain any unfair commercial conduct with reference to certain environmental information on the packaging of some products sold by the same. In a communication dated 2 May 2023, Esselunga responded to the requests for information received from the AGCM. In a subsequent communication dated 1 June 2023, the AGCM announced that the issues had been closed. Finally, it should be noted that, in a communication dated 6 July 2023, notified via PEC to Esselunga on the following 14 July, the Department of the Central Inspectorate for the Protection of Quality and Fraud Repression of Agri-Food Products of the Ministry of Agriculture, Food Sovereignty and Forestry, issued a notice of violation of Article 4, paragraph 2, letter a, point 2 of Legislative Decree No. 198/2021, concerning unfair commercial practices in relations between companies in the agricultural and food chain, against the company and its legal representative. The dispute, in particular, concerns Esselunga's alleged failure to comply with the payment terms provided for in Article 4 of Legislative Decree No 198/2021. Esselunga applied for access to the records of the administrative proceedings initiated and fully contested the Ministry's allegations in a memorandum dated 7 August 2023. The proceedings are at the preliminary stage.	
Taxes			
GRI 3 - Material topics	3-3 Management of material topics	2.5 Approach to tax	
GRI 207: Tax	207-1 Approach to income taxes	2.5 Approach to tax	
	207-2 Tax-related governance, control and risk management	2.5 Approach to tax	
	207-3 Stakeholder engagement and management of tax-related concerns	2.5 Approach to tax	
	207-4 Country reporting	MANAGEMENT REPORT	
Materials			
GRI 3 - Material topics	3-3 Management of material topics	7. The Planet	
GRI 301: Materials	301-1 Materials used by weight or volume	7.4 Material packaging and consumption	
	301-2 Recycled input materials used	7.4 Material packaging and consumption	

Energy			
GRI 3 - Material topics	3-3 Management of material topics	7. The Planet	
GRI 302: Energy	302-1 Energy consumption within the organisation	7.3 Climate Change	
	302-3 Energy intensity	7.3 Climate Change	
	302-4 Reducing energy consumption	7.3 Climate Change	
Water and effluents			
GRI 3 - Material topics	3-3 Management of material topics	7. The Planet	
GRI 303: Water and effluents	303-1 Interactions with water as a shared resource	7.6 Water and effluent management	
	303-2 Management of water discharge-related impacts	7.6 Water and effluent management	
	303-3 Water withdrawal	7.6 Water and effluent management	
	303-4 Water drainage	7.6 Water and effluent management	
Biodiversity			
GRI 3 - Material topics	3-3 Management of material topics	7. The Planet	
GRI 304: Biodiversity	304-1 Operational sites owned, leased or managed in protected areas and areas of high biodiversity value outside or close to protected areas	7.7 Biodiversity	
Emissions			
GRI 3 - Material topics	3-3 Management of material topics	7. The Planet	
GRI 305: Emissions	305-1 Direct greenhouse gas (GHG) emissions (Scope 1)	7.3 Climate Change	
	305-2 Indirect greenhouse gas (GHG) emissions from energy consumption (Scope 2)	7.3 Climate Change	
	305-4 GHG emissions intensity	7.3 Climate Change	
	305-5 Reduction of greenhouse gas (GHG) emissions	7.3 Climate Change	
	305-7 Nitrogen oxide (Nox), sulphur oxide (Sox) and other significant emissions into the atmosphere	7.3 Climate Change	
Waste			
GRI 3 - Material topics	3-3 Management of material topics	7. The Planet	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	7.5 Waste and waste management	
	306-2 Management of significant waste-related impacts	7.5 Waste and waste management	
	306-3 Generated waste	7.5 Waste and waste management	
Supplier environmental assessment			
GRI 308: Supplier environmental assessment	308-1 New suppliers that were screened using environmental criteria	6.2.2 Supply Chain - Main risks and opportunities	
Employment			
GRI 3 - Material topics	3-3 Management of material topics	5. The Person and the Community	
GRI 401: Employment	401-1 Recruitment of new employees and employee turnover	5.1.4 Attracting and retaining talent	
	401-2 Benefits for full-time employees that are not available to fixed-term or part-time employees	5.1.6 Employee welfare	
	401-3 Parental leave	5.1.6 Employee welfare	
Labour Relations Management			
GRI 3 - Material topics	3-3 Management of material topics	5. The Person and the Community	
GRI 402: Labour Relations Management	402-1 Minimum notice period regarding operational changes (organisational changes) indicating whether or not these conditions are included in the collective bargaining agreement	5.1.9 Industrial relations and operational changes	
Occupational Health and Safety			
GRI 3 - Material topics	3-3 Management of material topics	5. The Person and the Community	
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	5.1.8 Occupational Health and Safety	
	403-2 Hazard identification, risk assessment and incident investigation	5.1.8 Occupational Health and Safety	
	403-3 Occupational health services	5.1.6 Employee welfare	
	403-4 Worker participation and consultation on occupational health and safety programmes and related communication	5.1.8 Occupational Health and Safety	
	403-5 Worker health and safety training	5.1.5 Training and development of people	
	403-6 Promotion of worker health	5.3.6 Occupational Health and Safety	
	403-7 Prevention and mitigation of occupational health and safety impacts directly related to business relations	5.1.8 Occupational Health and Safety	
	403-8 Workers covered by an occupational health and safety management system	5.1.8 Occupational Health and Safety	
	403-9 Work-related injuries	5.1.8 Occupational Health and Safety	
	403-10 Occupational disease	5.1.8 Occupational Health and Safety	
Training and Education			
GRI 3 - Material topics	3-3 Management of material topics	5. The Person and the Community	

GRI 404: Training and Education	404-1 Average number of training hours per year per employee	5.1.5 Training and development of people	
	404-3 Percentage of employees receiving regular appraisals of their performance and professional development	5.1.5 Training and development of people	
Diversity and Equal Opportunity			
GRI 3 - Material topics	3-3 Management of material topics	5. The Person and the Community	
GRI 405: Diversity and Equal Opportunity	405-1 Diversity in governance bodies and among employees	5.1.7 Diversity and inclusion	
Non-discrimination			
GRI 3 - Material topics	3-3 Management of material topics	4. Respect for human rights	
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective measures taken	In 2023, there was a report of discrimination, which is still being investigated. Following this report, the company initiated an internal assessment	
Freedom of Association and Collective Bargaining			
GRI 3 - Material topics	3-3 Management of material topics	4. Respect for human rights	
GRI 407: Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	4.1 Respect for human rights - Policy implemented by the organisation 5.1.9 Industrial relations and operational changes	
Local Communities			
GRI 3 - Material topics	3-3 Management of material topics	5. The Person and the Community	
GRI 413: Local Communities	413-1 Operations with local community involvement, impact assessments and development programmes	5.2 Commitment to the community	
Supplier Social Assessment			
GRI 3 - Material topics	3-3 Management of material topics	4. Respect for human rights 6. Our craft	
Public policies			
GRI 415: Public policies	415-1 Political contributions	The Group did not make any political contribution in the reporting year.	
Customer health and safety			
GRI 3 - Material topics	3-3 Management of material topics	6. Our craft	
GRI 416: Customer health and safety	416-1 Assessment of health and safety impacts of product and service categories	6.1.3 Product quality and safety	
Product and Service Labelling			
GRI 3 - Material topics	3-3 Management of material topics	6. Our craft	
GRI 417: Product and Service Labelling	417-2 Incidents of non-compliance concerning product and service information in labelling	6.1.4 Labelling, transparency and communication	
	417-3 Incidents of non-compliance concerning product and service information in marketing communications	6.1.4 Labelling, transparency and communication	
Customer privacy			
GRI 3 - Material topics	3-3 Management of material topics	6. Our craft	
GRI 418: Customer privacy	418-1 Founded complaints regarding breaches of customer privacy and loss of customer data	6.1.2 Customer care - Main risks and opportunities	

APPENDIX A

Model – Share of turnover derived from products or services associated with economic activities aligned with the taxonomy – Disclosure for the year 2023

Financial Year 2023	2023			Criteria for substantial contribution						DNSH ('do no significant harm') criteria						Minimum Safeguards (17)	Share of turnover aligned (A.1.) or eligible (A.2) to the Taxonomy year 2022 (18)	Enabling activity category (19)	Transitional activity category (20)
Economic activities (1)	Code (2)	Turnover (3)	Share of turnover, year 2023 (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water (7)	Pollution (9)	Circular economy (8)	Biodiversity (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)				
		€/mln	%	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	A	T
A. ACTIVITIES ELIGIBLE FOR TAXONOMY																			
A.1 Environmentally sustainable activities (aligned with taxonomy)																			
Turnover of environmentally sustainable activities (aligned to taxonomy) (A.1)		0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%		
of which enabling		0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%	A	
of which transitional		0.00	0.00%	0.00%						Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%		T
A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL								%		
Turnover from activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.00%		
A. Turnover of activities eligible for the taxonomy (A.1+A.2)		0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.00%		
B. ACTIVITIES INELIGIBLE FOR TAXONOMY																			
Turnover from activities ineligible for taxonomy		9,144.07	100.00%																
TOTAL		9,144.07	100.00%																

Model - Share of capital expenditure (CapEx) arising from products or services associated with economic activities aligned with the taxonomy - Disclosure for the year 2023

Financial Year 2023	2023			Criteria for substantial contribution						DNSH ('do no significant harm') criteria									
Economic activities (1)	Code (2)	CapEx (3)	Share of CapEx, year 2023 (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Share of CapEx aligned (A.1) or eligible (A.2) to taxonomy, Year 2022 (18)	Enabling activity category (19)	Transitional activity category (20)
		€/mln	%	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	A	T
A. ACTIVITIES ELIGIBLE FOR TAXONOMY																			
A.1 Environmentally sustainable activities (aligned to taxonomy)																			
CapEx of environmentally sustainable activities (aligned to taxonomy) (A.1)		0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	1.46%*		
of which enabling		0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	1.46%*	A	
of which transitional		0.00	0.00%	0.00%						Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%		T
A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL								%		
Electricity generation from gaseous fossil fuels	CCM 4.29	0.23	0.04%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
High-efficiency cogeneration of heat/cool and electricity from gaseous fossil fuels	CCM 4.30	0.85	0.16%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Construction of new buildings	CCM 7.1./CE 3.1.	134.34	25.12%	EL	N/EL	N/EL	N/EL	EL	N/EL								0.00%		
Renovation of existing buildings	CCM 7.2./CE 3.2.	26.35	4.93%	EL	N/EL	N/EL	N/EL	EL	N/EL								0.00%		
Installation, maintenance and repair of energy efficiency devices	CCM 7.3	4.00	0.75%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.62%		
Installation, maintenance and repair of electric vehicle charging stations in buildings	CCM 7.4	0.02	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Installation, maintenance and repair of instruments and devices for the measurement, regulation and control of the energy performance of buildings	CCM 7.5	1.41	0.26%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	2.92	0.55%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.02%		
Purchase and ownership of buildings	CCM 7.7	7.39	1.38%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Data processing, hosting and related activities	CCM 8.1	6.73	1.26%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Demolition of buildings and other structures	CE 3.3	2.98	0.56%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.00%		
Road and motorway maintenance	CE 3.4	0.82	0.15%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.00%		
CapEx of activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		188.04	35.16%	34.45%	0.00%	0.00%	0.00%	0.71%	0.00%								0.74%**		
A. CapEx of activities eligible for the taxonomy (A.1+A.2)		188.04	35.16%	34.45%	0.00%	0.00%	0.00%	0.71%	0.00%								2.2%**		
B. ACTIVITIES INELIGIBLE FOR TAXONOMY																			
CapEx of activities ineligible for taxonomy		346.83	64.84%																
TOTAL		534.87	100.00%																

*The reported value includes the share related to activities aligned in 2022, not included in 2023.

** The reported value also includes the share related to eligible activities in 2022, were not included in 2023.

Model - Share of operating expenses (OpEx) arising from products or services associated with economic activities aligned with the taxonomy - Disclosure for the year 2023

Financial Year 2023	2023			Criteria for substantial contribution						DNSH ('do no significant harm') criteria						Minimum Safeguards (17)	Share of OpEx aligned (A.1) or eligible (A.2) to taxonomy, Year 2022 (18)	Enabling activity category (19)	Transitional activity category (20)
Economic activities (1)	Code (2)	OpEx (3)	Share of OpEx, year 2023 (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water (13)	Pollution (15)	Circular economy (14)	Biodiversity (16)				
		€/min	%	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	A	T
A. ACTIVITIES ELIGIBLE FOR TAXONOMY																			
A.1 Environmentally sustainable activities (aligned to taxonomy)																			
Operating expenses of environmentally sustainable activities (aligned to taxonomy) (A.1)		0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.35%*		
of which enabling		0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.35%*	A	
of which transitional		0.00	0.00%	0.00%						Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%		T
A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																			
																	%		
High-efficiency cogeneration of heat/cool and electricity from gaseous fossil fuels	CCM 4.30	0.45	0.31%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Road freight transport services	CCM 6.6	0.91	0.62	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.92%		
Installation, maintenance and repair of energy efficiency devices	CCM 7.3	0.29	0.20%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Installation, maintenance and repair of instruments and devices for the measurement, regulation and control of the energy performance of buildings	CCM 7.5	0.30	0.21%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0.34	0.23%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Data processing, hosting and related activities	CCM 8.1	3.06	2.11%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Data-driven solutions for reducing greenhouse gas emissions	CCM 8.2	0.07	0.05%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Road and motorway maintenance	CE 3.4	0.11	0.07%	EL	N/EL	N/EL	N/EL	EL	N/EL								0.00%		
Operating expenses of activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		5.53	3.81%	3,73%	0.00%	0.00%	0.00%	0.07%	0.00%								0.92%**		
A. OpEx of activities eligible for taxonomy (A.1+A.2)		5.53	3.81%	3,73%	0.00%	0.00%	0.00%	0.07%	0.00%								1.27%**		
B. ACTIVITIES INELIGIBLE FOR TAXONOMY																			
Operating expenses of ineligible activities		139.60	96.19%																
TOTAL		145.13	100.00%																

*The reported value includes the share related to activities aligned in 2022, not included in 2023.

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Model 1 - Nuclear and fossil gas activities

Row	Activities related to nuclear energy	
1.	The company carries out, finances or has exposures to research, development, demonstration and implementation of innovative power generation plants that produce energy from nuclear processes with a minimum amount of fuel cycle waste.	NO
2.	The company carries out, finances or has exposures to the construction and safe operation of new nuclear power plants for the generation of electricity or process heat, including for district heating purposes or for processes such as the production of industrial hydrogen, and improvements in their safety, with the aid of the best available technology.	NO
3.	The company carries out, finances or has exposures to the safe operation of existing nuclear power plants that generate electricity or process energy, including for district heating or industrial processes such as the production of hydrogen from nuclear energy, and improvements to their safety.	NO
Fossil gas activities		
4.	The company carries out, finances or has exposures to the construction or operation of power generation plants using gaseous fossil fuels.	YES
5.	The company carries out, finances or has exposures to the construction, upgrading and operation of combined heat/cool and power generation plants using gaseous fossil fuels.	YES
6.	The company carries out, finances or has exposures to the construction, upgrading and operation of heat generation plants that produce heat/cooling using gaseous fossil fuels.	NO

Model 2 (Turnover) - Economic activities aligned to the taxonomy (denominator)

Row	Economic activities	Amount and share (present information in monetary amounts and percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amounts	%	Amounts	%	Amounts	%
4.	Amount and share of economic activity aligned to the taxonomy in section 4.29 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%
5.	Amount and share of economic activity aligned to the taxonomy in section 4.30 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%
7.	Amount and share of other taxonomy-aligned economic activities not included in rows 1 to 6 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.0%
8.	Total applicable KPIs	0.00	0.00%	0.00	0.00%	0.00	0.0%

Model 2 (Capital Expenditure) - Economic Activities aligned to taxonomy (denominator)

Row	Economic activities	Amount and share (present information in monetary amounts and percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amounts	%	Amounts	%	Amounts	%
4.	Amount and share of economic activity aligned to the taxonomy in section 4.29 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%
5.	Amount and share of economic activity aligned to the taxonomy in section 4.30 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%
7.	Amount and share of other taxonomy-aligned economic activities not included in rows 1 to 6 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%
8.	Total applicable KPIs	0.00	0.00%	0.00	0.00%	0.00	0.00%

Model 2 (Operating expenses) - Economic activities aligned to the taxonomy (denominator)

Row	Economic activities	Amount and share (present information in monetary amounts and percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amounts	%	Amounts	%	Amounts	%
4.	Amount and share of economic activity aligned to the taxonomy in section 4.29 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%
5.	Amount and share of economic activity aligned to the taxonomy in section 4.30 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%
7.	Amount and share of other taxonomy-aligned economic activities not included in rows 1 to 6 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%
8.	Total applicable KPIs	0.00	0.00%	0.00	0.00%	0.00	0.00%

Model 3 (Turnover) - Economic activities aligned with taxonomy (numerator)

Row	Economic activities	Amount and share (present information in monetary amounts and percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amounts	%	Amounts	%	Amounts	%
4.	Amount and share of economic activity aligned to the taxonomy in section 4.29 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%
5.	Amount and share of economic activity aligned to the taxonomy in section 4.30 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%

7.	Amount and share of other taxonomy-aligned economic activities not included in rows 1 to 6 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%
8.	Total amount and share of economic activities aligned to the taxonomy at the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%

Model 3 (Capital Expenditure) - Economic activities aligned with taxonomy (numerator)

Row	Economic activities	Amount and share (present information in monetary amounts and percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amounts	%	Amounts	%	Amounts	%
4.	Amount and share of economic activity aligned to the taxonomy in section 4.29 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%
5.	Amount and share of economic activity aligned to the taxonomy in section 4.30 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%
7.	Amount and share of other taxonomy-aligned economic activities not included in rows 1 to 6 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%
8.	Total amount and share of economic activities aligned to the taxonomy at the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%

Model 3 (Operating expenses) - Economic activities aligned with taxonomy (numerator)

Row	Economic activities	Amount and share (present information in monetary amounts and percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amounts	%	Amounts	%	Amounts	%
4.	Amount and share of economic activity aligned to the taxonomy in section 4.29 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%
5.	Amount and share of economic activity aligned to the taxonomy in section 4.30 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%
7.	Amount and share of other taxonomy-aligned economic activities not included in rows 1 to 6 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%
8.	Total amount and share of economic activities aligned to the taxonomy at the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%

Model 4 (Turnover) - Economic activities eligible for the taxonomy but not aligned with the taxonomy

Row	Economic activities	Amount and share (present information in monetary amounts and percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amounts	%	Amounts	%	Amounts	%
4.	Amount and share of economic activity eligible for the taxonomy but not aligned with the taxonomy in section 4.29 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%
5.	Amount and share of economic activity eligible for the taxonomy but not aligned with the taxonomy in section 4.30 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%
7.	Amount and share of other economic activities eligible for the taxonomy but not aligned to the taxonomy not included in rows 1 to 6 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%
8.	Total amount and share of economic activities eligible for the taxonomy but not aligned with the taxonomy at the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%

Model 4 (Capital Expenditure) - Economic activities eligible for taxonomy but not aligned with taxonomy

Row	Economic activities	Amount and share (present information in monetary amounts and percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amounts	%	Amounts	%	Amounts	%
4.	Amount and share of economic activity eligible for the taxonomy but not aligned with the taxonomy in section 4.29 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0,23	0,04%	0,23	0,04%	0.00	0.00%
5.	Amount and share of economic activity eligible for the taxonomy but not aligned with the taxonomy in section 4.30 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0,85	0,16%	0,85	0,16%	0.00	0.00%
7.	Amount and share of other economic activities eligible for the taxonomy but not aligned to the taxonomy not included in rows 1 to 6 in the denominator of the applicable KPI	186,96	34,95%	186,96	34,95%	0.00	0.00%
8.	Total amount and share of economic activities eligible for the taxonomy but not aligned with the taxonomy at the denominator of the applicable KPI	188,04	35,16%	188,04	35,16%	0.00	0.00%

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Model 4 (Operating expenses) - Economic activities eligible for taxonomy but not aligned with taxonomy

Row	Economic activities	Amount and share (present information in monetary amounts and percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amounts	%	Amounts	%	Amounts	
4.	Amount and share of economic activity eligible for the taxonomy but not aligned with the taxonomy in section 4.29 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	0.00	0.00%
5.	Amount and share of economic activity eligible for the taxonomy but not aligned with the taxonomy in section 4.30 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.45	0.31%	0.45	0.31%	0.00	0.00%
7.	Amount and share of other economic activities eligible for the taxonomy but not aligned to the taxonomy not included in rows 1 to 6 in the denominator of the applicable KPI	5.07	3.49%	5.07	3.49%	0.00	0.00%
8.	Total amount and share of economic activities eligible for the taxonomy but not aligned with the taxonomy at the denominator of the applicable KPI	5.53	3.81%	5.53	3.81%	0.00	0.00%

Model 5 (Turnover) - Economic activities ineligible for taxonomy

Row	Economic activities	Amounts	Percentage
4.	Amount and share of the economic activity referred to in row 4 of template 1 that is ineligible for taxonomy according to section 4.29 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%
5.	Amount and share of the economic activity referred to in row 5 of template 1 that is ineligible for taxonomy according to section 4.30 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%
7.	Amount and share of other economic activities ineligible for the taxonomy not included in rows 1 to 6 in the denominator of the applicable KPI	9,144.07	100.00%
8.	Total amount and share of ineligible economic activities in the denominator of the applicable KPI	9,144.07	100.00%

Model 5 (Capital Expenditure) - Economic activities ineligible for taxonomy

Row	Economic activities	Amounts	Percentage
4.	Amount and share of the economic activity referred to in row 4 of template 1 that is ineligible for taxonomy according to section 4.29 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%
5.	Amount and share of the economic activity referred to in row 5 of template 1 that is ineligible for taxonomy according to section 4.30 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%
7.	Amount and share of other economic activities ineligible for the taxonomy not included in rows 1 to 6 in the denominator of the applicable KPI	346.83	64.84%
8.	Total amount and share of ineligible economic activities in the denominator of the applicable KPI	346.83	64.84%

Model 5 (Operating expenses) - Economic activities ineligible for taxonomy

Row	Economic activities	Amounts	Percentage
4.	Amount and share of the economic activity referred to in row 4 of template 1 that is ineligible for taxonomy according to section 4.29 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%
5.	Amount and share of the economic activity referred to in row 5 of template 1 that is ineligible for taxonomy according to section 4.30 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.00	0.00%
7.	Amount and share of other economic activities ineligible for the taxonomy not included in rows 1 to 6 in the denominator of the applicable KPI	139.60	96.19%
8.	Total amount and share of ineligible economic activities in the denominator of the applicable KPI	139.60	96.19%

APPENDIX B

- **Board of Directors:** appointed on 19/04/2023 (*term of office: 1 financial year until the Shareholders' Meeting to approve the financial statements for the year ending 31/12/2023*)

Name	Office	Powers and Delegations	Executives	Non Executives	Independents
Giuliana Albera Caprotti	Honorary President			x	
Marina Sylvia Caprotti	BoD Chairman	✓ management powers within the framework of ordinary administration ✓ delegation for the supervision and coordination of CSR initiatives	x		
Vincenzo Mariconda	Vice Chairman	✓ powers of representation		x	
Gabriele Villa	Director and General Manager	✓ delegation of ordinary administration within the Sales, Production, Quality Assurance, Logistics, IT, Sales and Marketing and Communication Departments ✓ delegation in the field of food safety ✓ workplace safety and environmental protection powers ✓ powers connected to the appointment as Employer pursuant to Legislative Decree 81/2008 ✓ powers connected to the appointment as Chief Privacy Officer	x		
Alessandra Cozzani	Director	✓ delegation in the AFC area	x		
Francesco Moncada	Director	✓ powers of management and representation within the scope of ordinary administration relating to the Development, Technical and Market Expansion and Location Analysis Department	x		
Lorenzo Oliviero Piaget	Director			x	x
Francesco Paolo Tronca	Director	✓ powers in the field of security and defence of company assets, whether they consist of tangible or intangible assets	x		
Stefano Tronconi	Director			x	

- **Board of Statutory Auditors:** appointed on 19/04/2023 (*term of office: until the Shareholders' Meeting to approve the financial statements for the year ending 31 December 2025*)

Name	Office
Enzo Moggio	Chairman Board of Statutory Auditors
Stefano Angheben	Regular auditor
Marco Sabella	Regular auditor
Franco Chesani	Alternate auditor
Claudio Clementel	Alternate auditor

- **Supervisory Board pursuant to Legislative Decree 231/01:** appointed on 27/04/2022 (*term of office: until the approval of the financial statements for the year ending 31 December 2024*)

Name	Office
Augusta Iannini	Chairman
Piermario Barzaghi	Member
Alberto Gaudio	Member

- Investment Advisory Committee

<u>Name</u>	<u>Office</u>
Marina Sylvia Caprotti	Chairman
Gabriele Villa	Director and General Manager
Francesco Moncada	Director
Albino Rocca	AFC Director
Alberto Gaudio	General Counsel

- Risk and Sustainability Committee

<u>Name</u>	<u>Office</u>
Marina Sylvia Caprotti	Chairman
Gabriele Villa	Director and General Manager
Alessandra Cozzani	Director
Francesco Paolo Tronca	Director
Alberto Gaudio	Coordinator

- Privacy Committee

<u>Name</u>	<u>Office</u>
Gabriele Villa	Managing Director
Alberto Gaudio	General Counsel
Roberto Selva	Marketing and Communication Director
Fabio Mutti	IT Director

- Ethics Committee

<u>Name</u>	<u>Office</u>
Alberto Gaudio	General Counsel
Elena Pistillo	Head of Internal Audit

- Joint Welfare Committee

<u>Esselunga</u>	<u>Trade Union Organisations</u>
Ilenia Destito Chiara Forni Chiara Reni Laura Sorrentino Virginia Trentadue Cristian Valsiglio	2 CGIL representatives 2 CISL representatives 2 UIL representatives

Auditor's Letter on the Consolidated Non-Financial Statement



Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree 254/2016 and article 5 of CONSOB regulation n. 20267 of January 2018

To the Board of Directors of Esselunga SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5, paragraph 1 g), of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of Esselunga SpA and its subsidiaries (hereinafter the "Group") for the year ended 31 December 2023 prepared in accordance with article 4 of the Decree, presented in the specific section of the Management Report and approved by the Board of Directors on 8 April 2024 (the "NFS").

Our review does not extend to the information set out in the section titled "European Taxonomy Dissemination" and in the section "Appendix A" of the Group's NFS, required by article 8 of Regulation (EU) 2020/852.

Responsibilities of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the Global Reporting Initiative Sustainability Reporting Standards defined by the GRI - Global Reporting Initiative (GRI Standards), identified by them as the reporting standard.

The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary for an understanding of the Group's activities, development, performance and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for identifying and managing the risks generated and/or faced by the latter.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

Sede legale: Milano 20145 Piazza Tre Torri 2 Tel. 02 77831 Fax 02 7783240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA n. Reg. Imprese Milano Monza Brianza Lodi 19979880155 Iscritta al n° 109644 del Registro dei Revisori Legali - Altri Uffici: Ancona 60131 Via Sandro Totti 1 Tel. 071 2132311 - Bari 70122 Via Abate Gianna 72 Tel. 080 5640211 - Bergamo 24121 Largo Belotti 5 Tel. 035 226694 - Bologna 40124 Via Luigi Carlo Farini 12 Tel. 051 6186211 - Brescia 25121 Viale Duca d'Aosta 28 Tel. 030 3667901 - Catania 95129 Corso Italia 302 Tel. 095 7552311 - Firenze 50121 Viale Gonnelli 15 Tel. 055 2480811 - Genova 16121 Piazza Piossichetti 9 Tel. 010 29041 - Napoli 80121 Via dei Mille 16 Tel. 081 36181 - Padova 35138 Via Vicozza 4 Tel. 049 873481 - Palermo 90141 Via Marchese Ugo 60 Tel. 091 349737 - Parma 43121 Viale Tanara 20/A Tel. 0521 275911 - Pescara 66127 Piazza Ettore Troilo 8 Tel. 085 4545711 - Roma 00154 Largo Fochetti 20 Tel. 06 570251 - Torino 10122 Corso Palestro 10 Tel. 011 555771 - Trento 38122 Viale della Costituzione 33 Tel. 0461 237004 - Treviso 31100 Viale Feltrina 90 Tel. 0422 696911 - Trieste 34125 Via Cesare Battisti 38 Tel. 040 3480781 - Udine 33100 Via Foscolo 43 Tel. 0432 25789 - Varese 21100 Via Albuzzi 43 Tel. 0332 283039 - Verona 37135 Via Francia 21/C Tel. 045 8269001 - Vicenza 36100 Piazza Ponteladelfo 9 Tel. 0444 393311

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Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In the period this engagement refers to our firm applied International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintained a comprehensive system of quality control including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

Our responsibility is to express a limited assurance conclusion, based on the procedures we have performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our engagement in accordance with *International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. That standard requires that we plan and perform procedures to obtain limited assurance about whether the NFS is free from material misstatement. Therefore, the procedures performed were less in extent than for a reasonable assurance engagement conducted in accordance with ISAE 3000 Revised and, consequently, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and included inquiries, mainly of personnel of the Company responsible for the preparation of the information presented in the NFS, inspection of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. Analysis of the relevant matters reported in the NFS in relation to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. Analysis and assessment of the criteria used to identify the consolidation perimeter, in order to assess their compliance with the Decree;
3. Understanding of the following matters:
 - Business and organisational model of the Group with reference to the management of the matters specified in article 3 of the Decree;
 - Policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
 - Key risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under item 4 a) below.



4. Understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

In detail, we held meetings and interviews with the management of Esselunga SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a group level,
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidences,
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for the following companies, Esselunga SpA, Atlantic Srl and EsserBella SpA which we selected on the basis of their activities, their contribution to the key performance indicators at a consolidated level and their location, we carried out interviews with local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the NFS of Esselunga Group for the year ended 31 December 2023 is not prepared, in all significant respects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

Our conclusion above does not extend to the information set out in the section titled "European Taxonomy Dissemination" and in the section "Appendix A" of the Group's NFS, required by article 8 of Regulation (EU) 2020/852.

Milan, 16 April 2024

PricewaterhouseCoopers SpA

Signed by

Stefano Pavesi
(Partner)

Signed by

Paolo Bersani
(Authorised signatory)

This report has been translated from the Italian original solely for the convenience of international readers.

Outlook

The Group, despite the uncertainties linked to the international and macroeconomic context, will continue its competitive pricing strategy and carry forward its development plan.

Milan, 8 April 2024

A handwritten signature in black ink, reading "Marina Sylvia Caprotti". The signature is written in a cursive, flowing style.

**The Chairman
of the Board of Directors
(Ms Marina Sylvia Caprotti)**

Consolidated statement of financial position

Consolidated Statement of Financial Position (thousands of Euros)	Notes	31.12.2023	31.12.2022
Property, plant and machinery	12.1	5,040,485	4,914,109
Real estate investments	12.2	106,211	117,622
Goodwill	12.3	6,586	6,586
Intangible assets	12.4	187,866	178,340
Equity investments	12.5	3,160	1,503
Other non-current financial assets	12.6	2,217	2,881
Non-current financial assets measured at Fair value	12.14	24,966	57,590
Deferred tax assets	12.7	43,503	33,681
Other non-current assets	12.8	9,687	12,787
Non-current assets		5,424,681	5,325,099
Inventories	12.9	581,187	550,109
Trade receivables	12.10	266,921	230,211
Current tax receivables	12.11	4,923	34,545
Other current assets	12.12	48,251	55,663
Cash and cash equivalents	12.14	268,336	665,977
Current financial assets measured at Fair value	12.14	22,550	20,998
Other current financial assets	12.14	2,453	142
Current assets		1,194,621	1,557,645
Assets held for sale		-	-
ASSETS		6,619,302	6,882,744
Share capital		100,000	100,000
Other reserves		1,748,858	1,709,024
Operating profit		118,677	63,754
Equity attributable to owners of the parent	12.13	1,967,535	1,872,778
Non-controlling interests		-	-
Operating profit attributable to non-controlling interests		-	-
Total shareholders' Equity	12.13	1,967,535	1,872,778
Non-current financial liabilities	12.14	2,003,233	2,041,133
Employee severance indemnities (TFR) and other staff-related provisions	12.15	71,221	71,310
Provisions for risks and charges	12.7	48,203	35,823
Non-current deferred revenue for prize promotions	12.16	62,708	70,478
Other non-current liabilities	12.17	1,831	1,767
Non-current liabilities	12.18	2,187,196	2,220,511
Current financial liabilities		282,743	618,616
Trade payables	12.14	1,711,571	1,747,837
Current deferred revenue for prize promotions	12.19	114,127	93,527
Current tax payables	12.17	35,936	13,914
Other current liabilities	12.20	320,193	315,561
Current liabilities	12.21	2,464,570	2,789,455
SHAREHOLDERS' EQUITY AND LIABILITIES		6,619,302	6,882,744

Consolidated income statement

Consolidated Income Statement <i>(thousands of Euros)</i>	Notes	2023	2022
Total sales		9,325,770	8,835,467
Sales Adjustments		(181,704)	(217,923)
Net revenue	13.1	9,144,066	8,617,544
Net costs for goods and raw materials	13.2	(6,313,118)	(6,033,250)
Other revenues and income	13.3	50,397	52,433
Costs for services	13.4	(1,029,135)	(1,004,610)
Personnel costs	13.5	(1,108,626)	(1,072,759)
Other operating costs	13.6	(121,622)	(57,954)
EBITDA		621,962	501,404
Amortisation and depreciation	13.7	(384,031)	(359,222)
Provisions, reversals and write-downs of fixed assets	13.8	1,218	(8,954)
Capital gains/losses on non-current assets	13.9	1,109	557
Operating profit		240,258	133,785
Finance income		5,751	2,686
Finance expense		(69,987)	(55,190)
Net financial income (expense)	13.10	(64,236)	(52,504)
Share of income from equity investments		14	129
Expenses from equity investments		(99)	(149)
Income (expenses) from equity investments	13.11	(85)	(19)
Profit (loss) before taxes		175,937	81,262
Taxes	13.12	(57,260)	(17,508)
Net result		118,677	63,754
<i>of which Net profit (loss) attributable to the Group</i>		<i>118,677</i>	<i>58,591</i>
<i>of which Net profit (loss) attributable to minority interests</i>		<i>-</i>	<i>5,163</i>

Consolidated statement of comprehensive income

Statement of Comprehensive Income <i>(thousands of Euros)</i>	Notes	2023	2022
Net result		118,677	63,754
Components that will subsequently be reclassified to profit or loss for the period:			
Cash flow hedge	12.13	(22,621)	57,456
Components that will not subsequently be reclassified to profit or loss for the period:			
Actuarial gain (loss) on defined benefit pension plans,	12.13	(1,299)	8,785
Other comprehensive income		(23,920)	66,241
Net comprehensive income (expense)		94,757	129,995
<i>of which total net result attributable to the Group</i>		<i>94,757</i>	<i>124,832</i>
<i>of which overall net result attributable to non-controlling interests</i>		<i>-</i>	<i>5,163</i>

Consolidated cash flow statement

The following consolidated financial statement format was drawn up in accordance with the provisions of the international accounting standard IAS 7 - Cash flow statement and is represented, starting from the 2022 Consolidated Financial Statements, according to the indirect method.

Consolidated cash flow statement, indirect method (thousands of Euro)	Notes	2023	2022
Net income (expense) for the period		118,677	63,754
Taxes	13.12	57,260	17,508
Net Finance expense	13.10-13.11	64,321	52,523
Amortisation and depreciation	13.7	384,031	359,222
Write-downs	13.8	(1,218)	8,954
Capital Gains and Losses	13.9	(1,109)	(557)
EBITDA		621,962	501,404
Provisions		21,422	12,007
Inventory Variation	12.9	(31,078)	(73,058)
Trade receivables and trade payables	12.10-12.19	(104,933)	220,308
Net change in other receivables/payables and other assets/liabilities		20,588	65,694
Changes in other operating assets and liabilities		(115,423)	212,944
Payment of employee benefits and use of funds		(9,343)	(18,351)
Payment of taxes		(3,487)	(7,324)
CASH FLOW FROM OPERATING ACTIVITIES (A)		515,131	700,680
Changes due to acquisitions/disposals of fixed assets	12.1-2-3-4	(402,786)	(357,375)
Changes in investments in financial assets		(1,070)	(436,317)
<i>of which for purchase 32.5% La Villata</i>		-	(435,000)
CASH FLOW FROM INVESTING ACTIVITIES (B)		(403,856)	(793,692)
Financial income (expense)		(58,951)	(41,988)
Financing received	12.14	160,000	154,327
Loans repaid	12.14	(609,965)	(65,522)
<i>including reimbursement of bond loans</i>		(500,000)	-
Dividends		-	(44,205)
CASH FLOW FROM FINANCING ACTIVITIES (C)		(508,916)	2,613
CASH FLOW FOR THE PERIOD (A+B+C)		(397,641)	(90,399)
OPENING CASH AND CASH EQUIVALENTS		665,977	756,376
CLOSING CASH AND CASH EQUIVALENTS	12.14	268,336	665,977

Consolidated statement of changes in shareholders' equity

<i>Shareholder's Equity Movement</i> (thousands of Euro)	<i>Share capital</i>	<i>Share premium reserve</i>	<i>Operating profit</i>	<i>Retained earnings</i>	<i>Cash flow hedge reserve</i>	<i>LAS 19 employee severance indemnities reserve</i>	<i>Other reserves</i>	Equity attributable to owners of the parent	<i>Non-controlling interests</i>	Total shareholders' Equity
At 31.12.2022	100,000	164,510	58,591	2,849,131	57,905	(297)	(1,357,061)	1,872,778	-	1,872,778
Distribution of dividends	-	-	-	-	-	-	-	-	-	-
Carry-forward	-	-	(58,591)	58,591	-	-	-	-	-	-
Allocation of net profit (loss) for the year	-	-	(58,591)	58,591	-	-	-	-	-	-
Net income (expense) for the period	-	-	118,677	-	-	-	-	118,677	-	118,677
Actuarial gain (loss) on defined benefit pension plans,	-	-	-	-	-	(1,299)	-	(1,299)	-	(1,299)
Cash flow hedge	-	-	-	-	(22,621)	-	-	(22,621)	-	(22,621)
Net comprehensive income (expense) for the year	-	-	118,677	-	(22,621)	(1,299)	-	94,757	-	94,757
At 31.12.2023	100,000	164,510	118,677	2,907,722	35,284	(1,596)	(1,357,061)	1,967,535	-	1,967,535

<i>Shareholder's Equity Movement</i> (thousands of Euro)	<i>Share capital</i>	<i>Share premium reserve</i>	<i>Operating profit</i>	<i>Retained earnings</i>	<i>Cash flow hedge reserve</i>	<i>LAS 19 employee severance indemnities reserve</i>	<i>Other reserves</i>	Equity attributable to owners of the parent	<i>Non-controlling interests</i>	Total shareholders' Equity
At 31.12.2021	100,000	164,510	243,204	2,723,387	449	(9,082)	(1,357,061)	1,865,407	356,582	2,221,989
Purchase Minorities 32.5% La Villata	-	-	-	(82,747)	-	-	-	(82,747)	(352,253)	(435,000)
Distribution of dividends	-	-	(34,713)	-	-	-	-	(34,713)	(9,492)	(44,205)
Carry-forward	-	-	(208,491)	208,491	-	-	-	-	-	-
Allocation of net profit (loss) for the year	-	-	(243,204)	208,491	-	-	-	(34,713)	(9,492)	(44,205)
Net income (expense) for the period	-	-	58,591	-	-	-	-	58,591	5,163	63,754
Actuarial gain (loss) on defined benefit pension plans,	-	-	-	-	-	8,785	-	8,785	-	8,785
Cash flow hedge	-	-	-	-	57,456	-	-	57,456	-	57,456
Net comprehensive income (expense) for the year	-	-	58,591	-	57,456	8,785	-	124,832	5,163	129,995
At 31.12.2022	100,000	164,510	58,591	2,849,131	57,905	(297)	(1,357,061)	1,872,778	-	1,872,778

Notes to the Consolidated Financial Statements as at 31 December 2023

1. General information

Esselunga S.p.A. (hereinafter the ‘Company’ or the ‘Parent Company’) and, together with its subsidiaries the Esselunga Group, (hereinafter also the ‘Group’ or ‘Esselunga’) is mainly engaged in the food sector of Large-Scale Retailing in Italy through a sales network comprising, at 31 December 2023, 189 stores (of which 176 traditional, 12 laEsse and 1 ‘Le Eccellenze di Esselunga’) in Lombardy, Liguria, Veneto, Piedmont, Emilia Romagna, Tuscany and Lazio.

In addition, the Group operates 119 bars, 112 of which under the Atlantic banner, 7 *laESSE ones*, and 47 eb selective perfumery and beauty service stores.

The Group is also active in the real estate sector, researching, planning and implementing new initiatives that are instrumental to its business activities.

In 2023, the following new openings will take place:

Date	Location	Esselunga Store	Bar Atlantic	EsserBella Perfumery	Urban laEsse
22-Mar	Albenga	✓			
10-May	Milano, Viale Suzzani		✓		
24-May	Genova, San Benigno	✓	✓		
8-Jun	Montecatini		✓		
6-Sep	Rome, Viale Liegi	✓			
20-Sep	Pistoia, Viale Matteotti		✓		
1-Oct	Turin, Corso Bramante			✓	
15-Nov	Cascina Merlata	✓	✓	✓	
18-Dec	Milan, Viale Teodorico		✓		✓
20-Dec	Milan, Via Rubattino		✓		
Total		4	7	2	1

As of 31 December 2023, the Milan Via Monte Rosa shop was closed for renovation and expansion. We expect to open by April 2024.

We also announce the opening on **24 January 2024** of EsselungaLab in Milan in the new “MIND” district, Milan Innovation District, developed on the Expo 2015 site. It is an innovative laboratory of services, technology and experimentation for the Esselunga of the future.

2. Major events relating to the 2023 financial year

Investigation by the Milan Prosecutor's Office

In 2023, Esselunga was involved in investigations under Legislative Decree 231/2001 for the administrative offence of allegedly making fraudulent declarations by using invoices or other documents for transactions considered legally non-existent, due to the conclusion of procurement contracts considered to be fictitious in that they allegedly related to the supply of labour in the logistics sector.

The Company, assisted by its lawyers, undertook, with the help of a leading consulting firm, a plan aimed at preventing the occurrence of situations similar to those under investigation.

The plan is developing along four lines:

1. the due diligence activity consisting in the reputational, contributory, remuneration and tax verification of service providers in the fields of logistics, transport, e-commerce, surveillance ("non-commercial providers"), with whom contractual relationships are already in place. At the date of these financial statements, this activity is nearing completion;
2. the rationalisation of the supplier base consisting of the replacement of non-compliant suppliers and the identification of new service providers. This activity is also nearing completion;
3. strengthening and redesigning the management process of qualification, verification and monitoring of non-commercial suppliers. It is planned that this process will be at full speed at the beginning of the second half of 2024;
4. the internalisation of workers in the production, e-commerce and processing centre sectors. The internalisation process in these areas started in January 2024 with the expectation that it will be completed in the first half of the current year.

In September 2023, the Company paid the disputed VAT amounting to EUR 47.7 million using the special favourable regime under Article 1, paragraph 174 et seq. of Law No. 197 of 29.12.2022 (Budget Law 2023), which was due to expire on 30 September 2023.

In December 2023, again as part of the same proceedings, INPS initiated an audit to determine the employment, social security and contribution records of the workers of the contractors involved in the case.

3. Summary of adopted accounting policies

The main accounting principles adopted in preparing and drafting the group's consolidated financial statements are presented below.

3.1 Basis of preparation

European Regulation (EU) no. 1606/2002 of 19 July 2002 introduced the obligation, from the year 2005, to apply *International Financial Reporting Standards* ('IFRS') issued by the *International Accounting Standards Board* ('IASB') and adopted by the European Union ('EU IFRS') for the preparation of the consolidated financial statements of companies listed on regulated European markets. Following the above-mentioned European Regulation, Legislative Decree No. 38 was enacted on 28 February 2005 which governs, among other things, the option to apply IFRS for the preparation of the consolidated financial statements of non-listed companies.

Esselunga S.p.A. decided to apply this option to prepare the consolidated financial statements for the year ended 31 December 2009. As a result the transition date to IFRS was identified as 1 January 2008.

These consolidated financial statements were prepared in compliance with the EU IFRS in force at the date of their approval. EU IFRS include all the '*International Financial Reporting Standards*', all the '*International Accounting Standards*' (IAS), all the interpretations of the '*International Financial Reporting Interpretations Committee*' (IFRIC), previously referred to as '*Standing Interpretations Committee*' (SIC), as approved and adopted by the European Union.

Furthermore, EU IFRS were applied consistently to all periods presented in this document. The financial statements were prepared based on the best available information on EU IFRS and taking account of best practice. Any future guidelines and interpretative updates will be reflected in subsequent years in compliance with the applicable accounting standards.

These consolidated financial statements were prepared using the conventional historical cost convention, except for the valuation of financial assets, financial liabilities and deferred revenue for prize-giving promotions where the application of *fair value* is mandatory (consideration at which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in a transaction between independent third parties).

These consolidated financial statements have been prepared on a going-concern basis.

3.2 Format and content of the financial statements

The Group made the following choices regarding the format and content of the consolidated financial statements:

- The consolidated statement of financial position shows both the current and non-current assets and the current and non-current liabilities separately;
- The consolidated income statement and consolidated statement of comprehensive show a classification of costs and revenues by nature;
- The consolidated cash flow statement is represented using the indirect method.

The Group has opted for presenting a comprehensive income statement that includes, in addition to the profit (loss) for the year, also the changes in shareholders' equity attributable to profit and loss items which, as required by the international accounting standards, are recognised as shareholders' equity components.

As outlined above, the financial statements used are those that best represent the performance of the Group.

These consolidated financial statements are expressed in Euros, the Group's functional currency.

The amounts shown in the consolidated financial statements and in the detail tables included in the Notes are expressed in thousands of Euros.

For clarity, it was considered preferable to indicate all amounts rounded to the nearest thousand Euros; as a result, in some statements, the totals may differ slightly from the sum of the amounts they comprise.

These financial statements are subject to statutory audit by the independent auditors PricewaterhouseCoopers S.p.A.

3.3 Scope of consolidation and related changes

These consolidated financial statements include the draft financial statements for the financial year ended 31 December 2023 of the Parent Company Esselunga S.p.A. prepared by the Board of Directors and the draft financial statements for the year ended 31 December 2023 of the subsidiaries prepared by their respective Board of Directors or Sole Directors or, if available, the financial statements approved by their respective Shareholders' Meetings. These financial statements have been appropriately adjusted, where necessary, to bring them into line with EU IFRS.

The list of companies included in the scope of consolidation as at 31 December 2023 and the changes in the scope of consolidation compared to 31 December 2022 are listed below:

Company name	Registered Office	Share capital (thousands of Euros)	% holding	Line-by-line consolidation		Changes in the period
				31.12.23	31.12.22	
Esselunga S.p.A.	Milan	100,000	100	Yes	Yes	
Atlantic S.r.l.	Milan	90	100	Yes	Yes	
EsserBella S.p.A.	Milan	500	100	Yes	Yes	
Orofin S.p.A. and its direct and indirect subsidiaries	Milan	30,000	100	Yes	Yes	In 2023, nine new companies entered the Group's scope of consolidation
La Villata S.p.A. Immobiliare di Investimento e Sviluppo	Milan	45,000	100	Yes	Yes	

3.4 Consolidation policies and methods

Subsidiaries

The Group's consolidated financial statements include the financial statements of Esselunga S.p.A. (Parent company) and of the companies over which it directly or indirectly has control, as of the date on which it gains control and until the date such control ceases.

Subsidiaries are consolidated on a line-by-line basis as of the date control is effectively transferred to the Group and are deconsolidated from the date control is transferred to third parties. The criteria for line-by-line consolidation are as follows:

- The assets and liabilities, expenses and income are consolidated on a line-by-line basis. Where applicable, non-controlling interests are attributed the share of shareholders' equity and net profit for the year to which they are entitled. The shares of equity and profit attributed to non-controlling interests are shown separately in the consolidated statement of shareholders' equity and consolidated income statement;
- business combinations, by which control over a company is acquired, are accounted for using the purchase method. The acquisition cost is the fair value at the acquisition date of the assets sold, liabilities assumed, equity instruments issued and of any other directly attributable cost. Acquired assets, liabilities and contingent liabilities assumed are recorded at their fair value at the acquisition date. The difference between the acquisition cost and the fair value of the assets and liabilities acquired, if positive, is recognised in intangible assets or, if negative, after having verified the correct measurement of the fair values of acquired assets and liabilities and the acquisition cost, is directly recognised in the income statement as income;
- Any significant gains and losses, and the related tax effects, arising from transactions between companies consolidated on line-by-line basis and not yet realised in respect of third parties are eliminated, except for the losses arising from a transaction that shows an impairment of the transferred asset. If material, intercompany payables and receivables, costs and revenues, as well as finance income and expense are also eliminated;
- The gains or losses arising from the sale of equity investments in consolidated companies are recorded in the income statement for the amount corresponding to the difference between the selling price and the corresponding portion of the consolidated shareholders' equity sold;
- Income statement items are included in the consolidated financial statements from the date of acquisition of control and until the date of loss of control;
- the year-end date of the subsidiaries is aligned with the Parent Company; when this is not the case, the subsidiaries will prepare separate balance sheets for use by the parent company.

Associates

Associates are companies in which the Group significantly influences administrative and management decisions, although it does not have control or joint control over

them. Generally, significant influence is presumed when the Group directly or indirectly holds between 20% and 50% of voting rights.

Investments in associates, where applicable, are valued using the shareholders' equity method. The following paragraphs describe how the shareholders' equity method is implemented:

- The carrying amount of the investments is aligned with the subsidiary's shareholders' equity, adjusted where necessary to reflect the application of accounting standards that are consistent with those applied by the Company and, where applicable, includes any goodwill identified upon acquisition;
- profits or losses attributable to the Group are recognised in the consolidated income statement as of the date the significant influence began, and until the date the significant influence ceases. If, due to losses, the Company reports negative shareholders' equity, the carrying amount of the investment is cancelled, and any excess attributable to the Group is recognised in a specific provision if the Group has the obligation to meet legal or constructive obligations of the investee or in any case to cover its losses. Any changes in the investees' shareholders' equity that are not determined by profit or loss are recognised directly in the Group's equity reserves;
- unrealised gains generated on transactions carried out between the Company and associated companies are eliminated based on the value of the Group's investment. Unrealised losses are eliminated, except where they reflect an impairment;
- Where an associated company recognises an adjustment directly in equity, the Group recognises its share of interest and, where applicable, discloses it in the statement of changes in shareholders' equity.

3.5 Measurement criteria

Property, plant and machinery

Property, plant and machinery are measured at purchase or production cost, net of accumulated depreciation and any impairment loss. The cost includes charges directly incurred to make their use possible.

Interest expenses incurred for loans obtained for the acquisition or construction of property, plant and equipment increase the carrying amount of those assets only if the assets meet the requirements for being accounted for as such or a significant period is required to make the asset ready for use or sellable.

The costs incurred for ordinary and/or recurring maintenance and repairs are directly charged to the income statement as incurred. The costs for expansion, modernisation or improvement of structural elements owned or used by third parties are capitalised to the extent they meet the requirements for being separately classified as assets or part of an asset.

Depreciation is charged on a straight-line basis through rates that enable the assets to be depreciated over their estimated useful life. In application of the component approach, when the asset to be depreciated is composed of separately identifiable elements with a useful life that differs significantly from that of the other parts of the asset, the depreciation is calculated separately for each of those parts.

Land appurtenant or underlying business and investment property are not depreciated.

The useful lives estimated by the Group for the various categories of property, plant and machinery are as follows:

Category	Useful life (Years)
Buildings	30 - 40
Plant and machinery	3.3 - 13.3
Industrial and commercial equipment	2.5 - 8
Other assets	4 – 10

The useful life for buildings is estimated to be 30 or 40 years from the date of commissioning using the residual useful life principle.

The useful lives of property, plant and machinery and their residual value are reviewed and updated, if necessary, when preparing the financial statements.

Leased assets

Assets held through finance leases are accounted for in compliance with the provisions of accounting standard IFRS 16 *Leases* and are initially recorded at the present value of minimum lease payments, including any sum due for exercising the purchase option. The asset is recognised in a sub-item of property, plant and machinery called Right of Use (ROU). The corresponding liability to the lessor is recognised in financial liabilities.

The lease payments are broken down into the interest component (recognised in the income statement) and the principal component (accounted for as a reduction of liability). This breakdown is determined in such a way as to achieve a constant interest rate on the residual balance of the liability.

The ROUs are depreciated based on the lower of the lease term and the useful life of the leased asset.

The Group has made use of the exception that allows it not to apply the provisions of the standard for assets of low value and with a contractual term of less than 12 months.

Investment property

Investment property includes land or buildings not intended for use in the Group's ordinary operations but are held to receive lease payments or for subsequent sale. Investment properties are initially valued at purchase or production cost, increased by any incidental costs. Subsequent to initial recognition, investment properties are measured at fair value, either through appraisals by external parties or through internal valuations within the limit of purchase cost.

The useful life of real estate investments reflects that indicated for property, plant and machinery.

Goodwill

Pursuant to IFRS 3 (Business Combinations), goodwill is recognised in the financial statements at the date of acquisition (including through merger or contribution) of companies or business units and is determined as the difference between the amount paid (which is generally determined based on fair value at the acquisition date in compliance with IFRS 3) and the fair value at the acquisition date of the identifiable assets acquired net of the identifiable liabilities assumed.

Goodwill, if recognised, is initially accounted for at cost, as described above, and subsequently tested for impairment at least annually (impairment test). This test is carried out for the Cash Generating Units (CGUs) to which the goodwill has been allocated. Any goodwill impairment is recognised when the recoverable amount is lower than its carrying amount. The recoverable amount is the higher of fair value of the CGU, net of selling costs, and its value in use. The value of goodwill cannot be written-up if it has been previously written down due to impairment losses.

Intangible assets

Intangible assets consist of identifiable non-monetary items with no physical substance, which are controllable and capable of generating future economic benefits. Intangible assets are recognised at purchase and/or production cost, including the costs directly incurred to prepare the asset for use, net of accumulated amortisation and any impairment losses.

Interest expenses incurred for loans obtained for the acquisition or development of intangible assets increase the carrying amount of those assets only if the assets meet the requirements for being accounted for as such or a significant period is required to prepare the asset for use or sellable.

Amortisation begins when the asset is available for use and is systematically allocated in relation to the residual possibility of use, i.e. based on its estimated useful life.

The useful life estimated by the Group for the various categories of intangible assets is as follows:

Category	Useful life (Years)
Trademarks	40
Administrative permissions (Licenses)	40
Software	2 -5

There are no intangible assets with an indefinite useful life.

Impairment of property, plant and machinery, investment property and intangible assets

At the reporting date, tests are performed to verify evidence of impairment of property, plant and machinery, investment property and intangible assets not fully depreciated or amortised.

If there is evidence of impairment, the recoverable amount of these assets is estimated, and any write-down concerning the carrying amount is recorded in the income

statement. The recoverable value of an asset is the higher of the *fair value* less selling costs and its value in use, where this latter is the fair value of the estimated future cash flows for that asset.

For an asset that does not generate sufficient independent cash flows, the realisable value is determined concerning the cash-generating unit or *CGU* to which the asset belongs. In determining the value in use, the expected future cash flows are discounted at a discount rate that reflects the current market assessment of the cost of money, relative to the investment period and the specific risks of the asset.

An impairment loss is recognised in the income statement when the asset's carrying amount is higher than the recoverable amount. If the reasons for a previously recognised write-down no longer apply, the carrying amount of the asset is restored through the income statement in an amount that shall not exceed the net carrying amount the asset would have had if the write-down had not been recognised and amortisation or depreciation had been recorded.

Equity investments in other companies, other current and non-current financial assets, trade receivables and other receivables

Equity investments in other companies

Equity investments in other companies (other than subsidiaries), recorded under non-current assets and classified as assets available for sale, are measured at fair value if this can be determined. Changes in the value of these investments, where applicable, are recognised in a shareholders' equity reserve through allocation to other comprehensive income (Reserve for fair value adjustment of financial assets available for sale), which is transferred to profit or loss at the time of disposal or in the event of impairment that is deemed to be permanent.

When the investments are not listed, and their fair value cannot be reliably determined, they are measured at cost adjusted for impairment to be recognised in the income statement, in compliance with the provisions of IFRS 9.

Impairment losses recognised in the income statement of equity investments in other companies classified under 'financial assets available for sale' cannot be subsequently reinstated.

Financial assets

Financial assets include non-current financial assets measured at fair value, other non-current financial assets, other non-current assets, trade receivables, other current financial assets and other current assets.

1) Classification and measurement

On initial recognition, financial assets are measured at fair value and subsequently classified in one of the following categories:

- a) financial assets at amortised cost;
- b) financial assets measured at fair value with recognition of the effects in shareholders' equity and, therefore in other comprehensive income (hereinafter also "OCI");
- c) financial assets at fair value with changes through profit and loss

a) *Financial assets at amortised cost*

Financial assets are measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to own financial assets in order to collect contractual cash flows (business model hold to collect);
- the contractual terms of the financial asset give rise on specified dates to financial flows represented solely by payments of capital and interest on the outstanding capital amount to be repaid.

Amortised cost is calculated using the effective interest rate method, taking into account any discounts or prizes at the time of purchase, which are spread over the entire period until maturity, less any impairment losses.

b) *Financial assets measured at fair value with recognition of the effects in other comprehensive income*

Financial assets measured at fair value with recognition of the effects in other comprehensive income if both the following conditions are met:

- the financial asset is held as part of a business model whose objective is achieved both by collecting contractual cash flows and by selling financial assets (hold to collect and sell business model);
- the contractual terms of the financial asset give rise on specified dates to financial flows represented solely by payments of capital and interest on the outstanding capital amount to be repaid.

This category includes equity interests that do not qualify as subsidiaries, associates or jointly controlled entities, which are not held for trading, for which the Company has exercised the fair value option with changes through other comprehensive income.

Upon initial recognition, the assets are accounted for at fair value, including transaction costs or income directly attributable to the instrument. After initial recognition, equity interests other than subsidiaries, associates or jointly controlled entities are measured at fair value; any changes in the value of these investments are recognised in a shareholders' equity reserve through allocation to other comprehensive income (Reserve for fair value changes of financial assets). The amounts recognised in shareholders' equity (Statement of comprehensive income) must not subsequently be transferred to profit or loss, including if the asset is disposed of. Dividends associated with these equity instruments are the only component to be recognised in profit or loss. For equity instruments included in this category that are not quoted in an active market, fair value is estimated based on cost on a residual basis only and limited to a few circumstances. That may be the case if insufficient more recent information is available to measure fair value or if a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

c) *Financial assets at fair value with changes through profit and loss*

Financial assets that are not measured at amortised cost or at fair value with changes through other comprehensive income, based on the above criteria, are measured at fair value with recognition of the effects through profit or loss.

2) Presentation

Financial assets are included in current assets, except for those with a contractual maturity of more than twelve months from the balance sheet date, which are classified as non-current assets.

Purchases and sales of financial assets are recognised at the date of settlement.

Financial assets are derecognised when the right to receive cash flows from the instrument has expired, and the Company has substantially transferred all the risks and benefits of and control over the instrument.

3) Measurement

Financial assets measured at amortised cost are measured based on the impairment model established in IFRS 9. It foresees recognition of losses on receivables based on an expected credit loss logic. The amount of the loss is recognised in the income statement under 'provisions and write-downs'. The value of receivables is presented net of a provision for impairment.

Inventories

Inventories are measured at the lower of purchase or production cost and net realisable value which is the amount the Group expects to obtain from their sale in the normal course of business. The cost of inventories is determined by applying the movement-weighted average cost method and is reduced by discounts and promotional activities recognised by the Group's suppliers and increased by the costs of bringing the inventories to the point of sale.

The realisable value is estimated on the basis of specific assessments rather than the specificity of certain product categories, also taking slow moving into account.

Cash and cash equivalents

Cash and cash equivalents include cash, deposits with banks and other lending institutions, post office current accounts and other equivalent instruments and investments with maturity within three months from the end of the reporting period. The elements included in cash and cash equivalents are measured at amortised cost, with changes recognised in the income statement.

Derivative hedging instruments

Consistent with IFRS 9, derivative financial instruments are recognised in compliance with *hedge accounting* only when (i) there is formal designation and documentation of the hedging relationship and the risk management objective and strategy at the hedge's inception and (ii) the hedge is expected to be effective.

When financial instruments qualify for *hedge accounting*, the following accounting treatments are applied:

- *Fair value hedge*: If a derivative financial instrument is designated as a hedge of the exposure to changes in *fair value* of a recognised asset or liability attributable to a particular risk that may affect profit or loss, the gain or loss from remeasuring the hedging instrument at *fair value* is recognised in profit or loss. The gain or loss on the hedged item attributable to the hedged risk changes the carrying value of that item and is recognised in the income statement;
- *Cash flow hedge*: If a derivative financial instrument is designated as a hedge of the exposure to variability in future cash flows of a recognised asset or liability or a highly probable forecasted transaction that could affect profit or loss, the effective portion of any gain or loss on the financial instrument (change in *fair value*) is recognised in shareholders' equity. The effective portion of any gain or loss is removed from shareholders' equity and recognised in profit or loss in the same period in which the hedged transaction is recognised. Any gains or losses associated with an ineffective hedge are immediately recognised in the income statement. If a hedging instrument or hedge relationship is terminated, but the hedged transaction has not yet been realised, the cumulative gains and losses (up to that point recognised in shareholders' equity) are recognised in profit or loss when the related transaction is realised. If the hedged transaction is no longer considered probable, unrealised gains or losses suspended in Shareholders' Equity are recognised immediately in the income statement.

Hedge effectiveness is determined at the inception of the hedging relationship and through periodic assessments of prospective effectiveness to ensure that an economic relationship exists between the hedged item and the hedging instrument.

If *hedge accounting* cannot be applied, gains or losses arising from the *fair value* measurement of the derivative financial instrument are immediately recognised in the income statement.

The *fair value* of financial instruments listed in an active market is based on market prices at the balance sheet date. The *fair value* of instruments that are not quoted in an active market is determined using valuation techniques based on a variety of methods and assumptions related to market conditions at the balance sheet date.

Assets held for sale

Non-current assets whose carrying amount will mainly be recovered through a sale rather than through their continuing use in the business are shown separately in the statement of financial position as 'Assets held for sale'. An asset is reclassified to this item when the following conditions are met:

- the asset is available for immediate sale in its current condition, subject only to normal sales terms for similar assets;
- the sale is highly probable;

- *management* has taken action to identify a buyer and is committed to a plan to sell the asset;
- the sale must be completed within 12 months.

These assets are measured at the lower of carrying amount and *fair value* less estimated costs to sell.

Any subsequent impairment losses are recognised directly as an adjustment to non-current assets with contra-entry in the income statement.

In accordance with IFRS 5 (Non-current assets held for sale and discontinued operations), non-current assets classified as held for sale are not subject to depreciation and amortisation.

Shareholders' Equity

Share capital

This item reflects the nominal value of contributions made by shareholders for such purpose.

Share premium reserve

Sums received by the Group for shares issued at a price higher than their nominal value.

Other reserves

This item includes the most commonly used reserves, which may have a generic or specific purpose. They are usually not formed from prior years profits.

Retained earnings (accumulated losses)

This item includes the net profits of previous years, which have not been distributed or allocated to other reserves, or losses that have not been covered.

Financial liabilities

Financial liabilities include current financial liabilities, non-current financial liabilities, trade payables, other current liabilities and other non-current liabilities.

Financial liabilities are initially recognised at fair value, net of transaction costs that are directly attributable to the acquisition or issue of the financial liabilities. Financial liabilities (except derivatives) are subsequently measured at amortised cost using the effective interest rate method. If there is a change in expected cash flows and they can be reliably estimated, the liabilities are remeasured to reflect the change, based on the present value of the expected new cash flows and the effective internal rate initially determined.

Financial liabilities are classified as current liabilities, unless the Group has an unconditional right to postpone their payment for at least 12 months after the reporting date.

Financial liabilities are initially recognised in the statement of financial position when the Group becomes a party to the contractual clauses of the instrument. Financial

liabilities are derecognised when they are extinguished, i.e. when the obligation specified in the contract is performed or cancelled or expired.

Deferred revenue for current and non-current prize-giving promotions

Deferred revenue for prize events refers to loyalty plans that the Group grants to its customers. These plans allocate bonus points to final customers that are calculated based on purchases and can be redeemed against prizes or to obtain discounts on future purchases.

The Fidaty prize promotion with purchase promotion is the Group's institutional promotion through which customers who shop in Esselunga, Atlantic, EsserBella/eb stores earn Fidaty Points on their loyalty cards that can be redeemed against rewards from the catalogue (including by paying any balance in cash) or against shopping vouchers; The promotion is also open to customers of selected commercial partners. Under IFRS 15, deferred revenue for prize-giving promotions, as part of loyalty plans granted by the Group to its customers are recognised based on the fair value of the consideration received from the initial sale proportionally allocated to the bonus points and to the finished goods and products sold according to their respective fair values (fair value method).

Deferred revenue for prize-giving promotions is classified under current liabilities unless the Group plans to discharge its obligations after 12 months from the reporting date. The compensation value assigned to the prize points (i.e. the deferred revenue) is subsequently recognised as revenue in the period the customer redeems the points, and the Company fulfils its obligation to give the prize.

Employee severance indemnities (TFR) and other staff-related provisions

Employee benefits disbursed upon or after termination of employment mainly consist of the severance indemnity (TFR), governed by Italian law under Art. 2120 of the Italian Civil Code.

Starting from 1 January 2007, the 'Italian Budget Law' and its implementing decrees introduced significant changes to TFR rules, including workers' discretion as to the allocation of the TFR accruing to their benefit. In particular, the TFR accrued after that date may be allocated by workers to selected pension schemes or kept within the Company. If allocated to external pension schemes, the Company's sole obligation is to pay a defined contribution to the chosen fund; as of that date, the newly accrued TFR amounts are considered as defined contribution plans in compliance with IAS 19.

The liability relating to past employee severance indemnities (TFR) is considered, under IAS 19, to be a defined benefit plan, i.e. a formalised scheme for the payment of benefits after termination of the employment; it is a future obligation for which the Group assumes the relevant actuarial and investment risks. As required by IAS 19, the Group uses the Projected Unit Credit Method to determine the present value of its benefit obligations and the related cost for current services. This calculation requires objective and consistent actuarial assumptions on demographic variables (mortality rate, staff turnover rate) and financial variables (discount rate, future pay rises).

Any profits or losses deriving from changes in the actuarial assumptions are recorded in the shareholders' equity reserve "Actuarial valuation of employee severance

indemnities”. Interest expense associated with the ‘time value’ component in actuarial calculations is recorded in the income statement as ‘Finance expense’.

Provisions for risks and charges

Provisions for risks and charges are recognised for losses and charges, the nature of which is certain or probable, but the timing and/or amount of which are uncertain at the statement of financial position date.

They are recognised only if there is a current (legal or constructive) obligation to make payments due to past events, and it is likely that the payment will be necessary to settle the obligation. This amount is the best estimate of the expenditure required to settle the obligation.

Possible risks that may result in liability are disclosed in the notes under the section on commitments and risks, and no provision is made for them.

Transactions in currencies other than the functional currency

Revenues and costs relating to transactions in currencies other than the functional currency are recorded at the exchange rate prevailing on the transaction date.

Monetary assets and liabilities denominated in currencies other than the functional currency are converted into Euros at the balance sheet exchange rate, and any adjustments are recognised in the income statement.

Non-monetary assets and liabilities in currencies other than the functional currency measured at cost are recognised at the initial recognition exchange rate. When these assets are measured at *fair value* or at their recoverable or realisable value, the exchange rate prevailing at the date of determination of that value is applied.

Revenue recognition

Revenue from the sale of goods and finished products is recognised in the income statement when the business fulfils its obligation by transferring the promised good or finished product to the buyer; the asset is transferred when the customer acquires control, usually coinciding with the delivery or shipment of the goods and finished products to the customer.

Revenues from the provision of services are recognised when the service is provided to the customer, with reference to completion of the service provided and concerning the overall services still to be rendered.

Revenues are recognised at the *fair value* of the consideration received. Revenues are recognised net of value-added tax, expected returns, rebates and discounts.

Revenues from promotional activities are recognised in the income statement in compliance with the accrual principle and based on contractual arrangements with counterparties. Revenues from promotional activities are recorded as a reduction in the item ‘Net costs for goods and raw materials’.

Revenues from the sale of newspapers, magazines and prepaid cards are shown net of the related costs as the Company acts as an agent in compliance with IFRS 15.

Public grants

Any operating grants are entirely recorded in the income statement when the conditions for recognition are met.

Recognition of costs

Costs are recognised when referring to goods and services purchased or consumed in the financial year or when no future benefit from the cost can be identified.

Dividends received

Dividends received are recognised in the income statement on an accruals basis, i.e. in the financial year, the right to the dividend arises from the investee companies' resolution to distribute dividends.

Dividends distributed

The distribution of dividends to Group shareholders results in the recognition of a liability in the Consolidated Financial Statements of the year in which the Group company's shareholders approved the distribution.

Taxes

Current taxes are calculated based on the assessable income for the year by applying the tax rates in force at the statement of financial position date.

Deferred taxes are calculated on all differences arising between the tax base of an asset or liability and the corresponding book value. Deferred tax assets, including those arising from tax losses from prior years, for the portion not offset by deferred tax liabilities, are recognised to the extent that it is probable that future taxable income will be available for such assets to be recovered. Deferred taxes are calculated using the tax rates that are expected to apply in the years in which the differences will be realised or settled, based on the tax rates in force or substantially enacted at the reporting date.

Current and deferred taxes are recognised in the income statement, except for items directly charged or credited to shareholders' equity, where the related tax effect is also directly recognised in equity. Taxes are offset when the same tax authority applies income taxes, and the entity has a legal right to settle on a net basis.

4. Recently issued accounting standards

IFRS accounting standards, amendments and interpretations applied from 1 January 2023:

As of 1 January 2023, the following standards, interpretations and amendments to existing standards became applicable, in relation to which there are no significant effects on the Consolidated Financial Statements:

- IFRS 17 - 'Insurance Contracts', a new accounting standard for insurance contracts governing their recognition, measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 and applies to all types of insurance contracts (e.g. life, non-life, direct insurance and reinsurance), regardless of the type of entity that issues them, as well as certain guarantees and financial instruments with discretionary participation features; there are, however, some exemptions from the scope. The overall objective of IFRS 17 is to provide a comprehensive

accounting model for insurance contracts that is more useful and consistent for insurers, regulating all relevant accounting aspects. The application of IFRS 17 had no impact on the Consolidated Financial Statements.

- Amendment to IAS 8 – Definition of accounting estimate. The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and error correction. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments to IAS 8 had no impact on the Consolidated Financial Statements.
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure on Accounting Standards. The amendments to IAS 1 and IFRS *Practice Statement 2 "Making Materiality Judgments"* provide guidance and some examples to help entities apply materiality judgments with respect to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to provide disclosure of their 'material' accounting policies with a requirement to provide disclosure of their 'material' accounting policies, and by providing guidance on how entities apply the concept of materiality in making decisions regarding disclosure of accounting policies. These changes did not have any impact on the Consolidated Financial Statements.
- Amendments to IAS 12 - Deferred Taxes Related to Assets and Liabilities Arising from a Single Transaction. The amendments to IAS 12 - 'Income Taxes' narrow the scope of the exception to initial recognition so that this exception no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. These changes did not have any significant impact on the Consolidated Financial Statements.
- International tax reform – Pillar 2 model rules (Amendments to IAS 12). The amendments to IAS 12 were introduced in response to the OECD's BEPS Pillar Two rules and include:
 - A temporary exception to the recognition and disclosure of deferred taxes resulting from the application of the Pillar Two model rules; and
 - Disclosure requirements to enable users of financial statements to understand the company's exposure to income taxes arising from such legislation, particularly prior to its effective date.

The mandatory temporary exception is immediately applicable.
For the Esselunga Group, the application of the OECD Pillar Two regulations is delegated to the parent company Superit S.r.l.

Accounting standards not yet applicable, as not endorsed by the European Union

At the date of approval of these financial statements, the relevant bodies of the European Union had not yet completed the approval process for the adoption of the following accounting standards and amendments:

<i>Accounting standard</i>	<i>Endorsed by the EU</i>	<i>Effective date</i>
<i>IFRS 14 Regulatory Deferral Accounts</i>	No	Approval process suspended pending the new accounting standard on 'rate-regulated activities'.
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and LAS 28)</i>	No	Approval process suspended pending conclusion of IASB equity method project
<i>Classification of liabilities as current or non-current (Amendments to LAS 1) and Non-current liabilities with covenants (Amendments to LAS 1)</i>	No	Periods beginning on 1 January 2024
<i>Supplier Finance Arrangements (Amendment to LAS 7 and IFRS 9)</i>	No	Periods beginning on 1 January 2024
<i>Lack of Exchangeability (Amendment to LAS 21)</i>	No	Periods beginning on 1 January 2025

Accounting standards, amendments and interpretations not yet adopted by the Group

At the date of approval of these financial statements, the relevant bodies of the European Union had approved the adoption of the following accounting standards and amendments, not yet adopted by the Group:

<i>Accounting standard</i>	<i>Description</i>
<i>Amendments to LAS 1 Presentation of financial statements: classification of liabilities as current or non-current; non-current liabilities with covenants</i>	The amendments are effective for financial statements beginning on or after 1 January 2024.
<i>Leasing liabilities in a sale and leaseback transaction (changes to IFRS 16)</i>	With regulation (EU) 2023/2579 of 21 November 2023, the EU approved the document "Leasing liabilities in a sale and transfer transaction (amendments to IFRS 16)". The amendments are effective for financial statements beginning on or after 1 January 2024.

The assessment of the possible impacts of the Standards mentioned above is ongoing.

5. Estimates and assumptions

The preparation of financial statements requires the Directors to apply accounting principles and methods that, in some circumstances, are based on difficult and subjective valuations and estimates based on historical experience and assumptions, which are from time to time considered reasonable and realistic in the circumstances. The application of these estimates and assumptions impacts the amounts reported in the statements of financial position, the income statement and the cash flow statement and the related disclosures. The actual results of financial statement items for which the above estimates and assumptions have been used may differ from those reported in the financial statements that recognise the effects of estimated events due to the uncertainty characterising the assumptions and conditions on which the estimates are based.

The accounting principles that, with respect to the Group, require greater subjective judgement by the Directors in the preparation of estimates and for which a change in the underlying conditions or assumptions may significantly impact the financial statements are briefly described below.

a) Impairment of assets

Tangible and intangible assets with a finite useful life are tested for impairment, to be recognised by writing down the asset if there is evidence that the asset's net carrying amount may be difficult to recover. To verify whether there is evidence of impairment, the Directors are required to make valuations using a high level of professional judgment on the information available within the Group, from the market and on historical experience.

In addition, when it is established that there may be a potential impairment, the Group calculates such impairment using the valuation techniques that are deemed most appropriate. Correctly identifying any evidence of potential impairment and the estimates to calculate impairment depend on factors that may vary over time, affecting the valuations and estimates made by the Directors.

b) Evaluation of investment property

Real estate development initiatives are mainly intended for the construction of retail stores. Investment property includes the portion of land exceeding the portion used for the construction of retail stores and land and buildings no longer considered strategic or not intended for use in the Company's business that are held to obtain rental fees or for subsequent sale.

The lengthy bureaucracy for obtaining the authorisations to carry out the projects and the progressive contraction of the real estate market led to higher uncertainty on how the initiatives are implemented and to greater price volatility with a simultaneous reduction in the number of comparable transactions to be used for evaluation purposes. To ascertain whether an impairment has occurred, to be recognised through a write-down, which takes place when the net carrying amount of the individual development project or the individual plot of land or property is higher than its recoverable value, the directors measure, at least annually, to determine the fair value of development initiatives and investment property based on appraisals drawn up by an independent third party.

The methods used include some estimates, most significantly discount and capitalisation rates, rent growth rates, and property sale prices. Concerning real estate development initiatives, other assumptions that play a significant role in valuations include development costs, risk premiums and specific situations of the areas being assessed, including from a regulatory standpoint.

c) Measurement of goodwill

Goodwill is tested annually for impairment (impairment test), to be recognised through a write-down, which occurs when the net carrying amount of the cash-generating unit to which goodwill has been allocated exceeds its recoverable amount (defined as the higher of the value in use and the fair value of the CGU). To verify the above values, the Directors are required to make subjective valuations based on the information available within the Group, from the market and on historical experience. In addition, when it is established that there may be a potential impairment, the Group calculates such impairment using the valuation techniques that are deemed most appropriate. The same value assessments and valuation techniques are applied to intangible and tangible assets with a defined useful life when there is evidence that the net carrying amount of the asset may be difficult to recover through use. Correctly identifying any evidence of potential impairment and the estimates to calculate impairment depend on factors that may vary over time affecting the valuations and estimates made by the Directors.

d) Provisions for risks and charges

Determining whether a current (legal or constructive) obligation exists is not easy in some circumstances. The Directors make case-by-case assessments and estimate the amount of financial resources required to discharge the obligation. When the directors consider that a liability is only possible, the risks are disclosed in the notes under the commitments and risks section, and no provision is recognised.

e) Depreciation, amortisation and write-downs

Depreciation and amortisation are calculated based on the useful life of the asset. The useful life is determined upon initial recognition of the asset. Useful life estimates are based on historical experience, market conditions, and expectations of future events that could affect the useful life, including technological changes. As a result, the actual useful life may differ from the estimated useful life.

f) Calculation of the liability for customer loyalty plans

The identification of the fair value of the points attributed to customer loyalty plans and the percentages with which they will be redeemed by the Group's customers and the timing with which they will be used, is based on the Directors' estimates and assumptions, mainly based on historical experience and market conditions. These factors may vary over time, influencing the directors' assessments and estimates and, therefore, changing the calculation of the associated liability.

g) Fair value of financial assets

The *fair value* of unlisted financial assets, such as financial assets available for sale and derivative financial instruments, is calculated through commonly used valuation techniques that require basic assumptions and estimates. These assumptions may not

materialise with the expected timing and in the expected manner. Therefore, the estimates made by the Group may differ from the actual figures.

b) Application of IFRS 16 Leases

The application of the accounting standard IFRS 16 Leases introduced some elements of professional judgment entailing the definition of a number of accounting policies and the use of assumptions and estimates in relation to the lease term and the incremental borrowing rate.

6. Group taxation

The Company and some of its subsidiaries participated, as consolidated entities, in the group taxation scheme governed by articles 117 to 129 of the Italian Consolidated Income Tax Code (Italian Consolidated Income Tax Code), in which the parent company Superit S.r.l. is the consolidating entity.

The Company and the consolidating entity agreed on the following internal rules:

- the tax losses arisen as of the first consolidated tax period and transferred to the consolidating entity are definitively recognised by the latter at the IRES rate in force;
- the Company agrees to make available its surplus of non-deductible interest expense or its gross operating income to the Superit Group so that the consolidating entity can adjust the Group's taxable income in compliance with the provisions of Art. 96, paragraph 7 of the Italian Consolidated Income Tax Code. On the other hand, the consolidating entity agrees to pay, on an exclusive basis, to the Company transferring the non-deductible interest expense surplus used to adjust the consolidated income, an amount equal to the product of the then current IRES rate and the amount of the above surpluses in the manner described in the paragraph above;
- The Company also undertakes to transfer any unused ACE surplus directly to Superit Group in exchange for an amount to be paid by the Consolidating Company based on the current IRES rate (24%);
- the effects of deferred taxation are individually determined and accounted for by the Company in its financial statements;
- the effects relating to IRAP are accounted for and paid by the individual companies in their financial statements.

Payables and receivables vis-à-vis Superit in relation to the tax consolidation are recorded as current tax payables or receivables.

7. Financial risk management

The risk management policy adopted by the Group comprises the following main steps:

- centrally defined guidelines that provide direction for the operating management of market, liquidity and cash flow risks;
- monitoring of the results achieved;
- diversification of its commitments/obligations and of the product portfolio.

7.1 Credit risk

Credit risk represents the Company's exposure to potential losses arising from business and financial counterparties failing to meet their obligations.

The Group's maximum exposure to credit risk as at 31 December 2023 and 2022 is the carrying amount of the financial assets reported in the financial statements, as shown in the table below:

<i>(thousands of Euros)</i>	31.12.2023	31.12.2022	Change
Other non-current financial assets	2,717	3,381	(664)
Non-current financial assets measured at Fair value	24,966	57,590	(32,624)
Other non-current assets	9,687	12,787	(3,100)
Trade receivables	269,007	231,130	37,877
Current tax receivables	4,923	34,545	(29,733)
Other current assets	49,129	58,382	(9,253)
Current financial assets measured at Fair value	22,550	20,998	1,552
Other current financial assets	2,453	142	2,311
Total gross amount	385,432	418,955	(33,634)
Provision for doubtful receivables	(3,464)	(4,138)	674
Total net amount	381,968	414,817	(32,960)

Credit risk is mainly limited to relations with trade suppliers arising from providing promotional services to said suppliers. The Group has adequate policies in place for selecting its suppliers designed to assess not only typically commercial aspects (quality, purchase prices and delivery terms), but also their capital and financial solidity. Therefore, the Group is not considered exposed to any appreciable credit risks.

These items are accounted for net of a provision for doubtful receivables, for a total of €3,464 thousand as at 31 December 2023 and €4,138 thousand as at 31 December 2022, respectively. The write-down is calculated based on an analysis of individual debt positions.

Concerning trade receivables, there is no appreciable concentration of credit risk. The following tables provide a breakdown of receivables as at 31 December 2023 and 31 December 2022 by category and by number of days past due:

(thousands of Euros)	31.12.2023					
	Not yet due	Days past due				Total
		0 - 30	31 - 60	61 - 90	> 90	
Other non-current financial assets	2,217	-	-	-	500	2,717
Non-current financial assets measured at Fair value	24,966	-	-	-	-	24,966
Other non-current assets	9,687	-	-	-	-	9,687
Trade receivables	188,598	64,086	9,004	1,982	5,338	269,007
Current tax receivables	4,923	-	-	-	-	4,923
Other current assets	48,251	-	-	-	878	49,129
Current financial assets measured at Fair value	22,550	-	-	-	-	22,550
Other current financial assets	2,453	-	-	-	-	2,453
Total gross amount	303,645	64,086	9,004	1,982	6,716	385,432
Provision for doubtful receivables	-	-	-	-	(3,464)	(3,464)
Total net amount	303,645	64,086	9,004	1,982	3,252	381,968

(thousands of Euros)	31.12.2022					
	Not yet due	Days past due				Total
		0 - 30	31 - 60	61 - 90	> 90	
Other non-current assets	2,881	-	-	-	500	3,381
Trade receivables	57,590	-	-	-	-	57,590
Current tax receivables	12,787	-	-	-	-	12,787
Other current assets	146,868	71,454	6,733	2,501	3,574	231,130
Current financial assets measured at Fair value	34,545	-	-	-	-	34,545
Other current financial assets	55,566	-	-	-	2,816	58,382
Total gross amount	20,998	-	-	-	-	20,998
Provision for doubtful receivables	142	-	-	-	-	142
Total gross amount	331,377	71,454	6,733	2,501	6,890	418,955
Provision for doubtful receivables	-	-	-	-	(4,138)	(4,138)
Total net amount	331,377	71,454	6,733	2,501	2,752	414,817

Past-due receivables as at 31 December 2023 amounted to €81,788 thousand, while the allowance for doubtful receivables amounted to €3,464 thousand.

It should be noted that the overdue receivables, net of those subject to devaluation, at the date of drafting these Consolidated Financial Statements were almost entirely collected during 2024.

7.2 Liquidity risk

Liquidity risk is associated with the ability to meet commitments arising from financial liabilities. Prudent management of liquidity risk requires that an adequate level of cash and cash equivalents and short-term securities be maintained, as well as the availability of funds that can be obtained through adequate credit lines.

Liquidity risk is centrally managed by the Group, which constantly monitors the financial position through appropriate forecast and actual cash flow reporting.

Please note that:

- In August 2021, Esselunga entered into three non-revocable revolving sustainability-linked credit line agreements with leading banks for €300 million maturing in August 2026. At 31 December these credit lines had been used for 160 million;

- In June 2022, Esselunga entered into three contracts for three non-revocable *revolving* credit lines with leading banks for €300 million maturing in June 2027. As at 31 December, these credit lines were undrawn.

The following tables provide a breakdown of liabilities by maturity as at 31 December 2023 and 31 December 2022. The various maturity ranges are determined based on the period between the reporting date and the contractual maturity of the obligations, including accrued interest as at 31 December.

Interest has been calculated according to the contractual terms of the loans.

<i>(thousands of Euros)</i>	31.12.2023				
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Bonds	9,401	9,375	518,750	-	537,526
Medium-long term bank loans	227,143	63,685	819,450	-	1,110,277
Lease payables	94,421	79,875	207,941	533,737	915,973
Other non-current liabilities	-	32	16	1,783	1,831
Trade payables	1,711,571	-	-	-	1,711,571
Current tax payables	35,936	-	-	-	35,936
Other current liabilities	320,193	-	-	-	320,193
Total	2,398,665	152,966	1,546,156	535,520	4,633,307

<i>(thousands of Euros)</i>	31.12.2022				
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Bonds	513,750	9,401	528,125	-	1,051,276
Medium-long term bank loans	68,751	24,355	937,428	-	1,030,534
Lease payables	88,569	75,030	204,535	536,657	904,791
Other non-current liabilities	-	-	-	1,767	1,767
Trade payables	1,747,837	-	-	-	1,747,837
Current tax payables	13,914	-	-	-	13,914
Other current liabilities	315,560	-	-	-	315,560
Total	2,748,381	108,785	1,670,088	538,424	5,065,678

7.3 Market Risk

In carrying out its activities, the Group is potentially exposed to the following market risks, which are managed centrally by Esselunga S.p.A.:

- risk for product quality;
- regulatory risk;
- Risk of price fluctuations;
- Risk of exchange rate fluctuations;
- Risk of interest rate fluctuations.
- climate risk.

Risk for product quality

As regards product quality, the Quality Management Department follows a rigorous control and qualification programme regarding suppliers and (internal and external) production processes, both in the launching stages of a new product and at later stages when the product is already on the shelf.

Regulatory risk

Regulatory risk consists of bureaucratic delays in obtaining permits to open new stores or expand existing ones. This essentially translates into lack of sales revenue while capital expenditures have already been made.

Risk of price fluctuations

Given the industry in which the Group is engaged, the predominant price risk is related to fluctuations in the purchase price of goods for resale. Managing these risks is an integral part of commercial policies aimed at, inter alia, limiting the impact of purchase price fluctuations on end customers.

Risk of exchange rate fluctuations

Sales revenues and purchase costs for goods and products are mostly denominated in euros. In addition, financial assets and liabilities are denominated in Euros. The Group is therefore not exposed to significant currency risks.

Risk of interest rate fluctuations

The risk of interest rate fluctuations the Group is exposed to arises from financial payables and receivables. The Group's fixed-rate debt exposes it to a risk associated with changes in the fair value of the debt driven by market fluctuations of the reference rates. The Group's floating rate debt exposes it to a cash flow risk from interest rate volatility.

The Group's financial debt consists of debenture loans, finance leases and loans. Financial liabilities at variable interest rates as at 31 December 2023 amounted to 18% of the total, considering that the Group has derivative financial instruments of an interest rate swap nature.

The following table shows a sensitivity analysis for interest rate risk.

More specifically, the table below shows the impact on shareholders' equity and profit for the years ended 31 December 2023 and 2022 of a positive or negative 0.5% change in interest rates, all other variables being unchanged:

<i>(thousands of Euros)</i>	31.12.2023		31.12.2022	
Interest rate change at year-end	+0.50%	-0.50%	+0.50%	-0.50%
<i>After tax effect (in BS and P&L)</i>	(1,090)	1,090	(1,086)	1,081

Climate risk

The Group is aware that the production and distribution of goods impact the environment; over time it has developed technical skills in the control and direct management of environmental issues in order to combat climate change, reducing

greenhouse gas emissions and minimising the climate risks to which its business is exposed. For further details, please refer to the **Consolidated Non-Financial Report**.

7.4 Capital Risk

The Group's objective in managing capital risk is to maintain an optimal capital structure to reduce the cost of debt.

The Group monitors its capital based on the ratio of its Net Financial Position to net invested capital (gearing ratio).

Net Financial Position is calculated as total debt, including current and non-current loans and net borrowings from banks.

Net Invested Capital is calculated as the sum of Shareholders' Equity and the Net Financial Position.

The gearing ratio as at 31 December 2023 and 31 December 2022 is presented in the table below and compares the Net Financial Position and the Net Invested Capital to represent the financial strength of the Company and their use of third-party funds. The 2023 index shows that own funds finance 50.0% of the net invested capital.

<i>(thousands of Euros)</i>	31.12.2023	31.12.2022
Cash and cash equivalents	268,336	665,977
Financial receivables	2,453	142
Current financial assets measured at Fair value	22,550	20,998
Non-current financial assets measured at Fair value	24,966	57,590
Current and non-current financial payables	(2,285,976)	(2,659,749)
Net Financial Position	(1,967,671)	(1,915,042)
Shareholders' Equity	1,967,535	1,872,778
Net invested capital	3,935,206	3,787,820
Gearing ratio	50.0%	50.6%

7.5 Business Crisis Code

We inform you that pursuant to Article 2086 of the Italian Civil Code, as amended by Legislative Decree 14/2019, issued in implementation of Enabling Law 155/2017, the Group has an organisational, administrative and accounting structure appropriate to the nature and size of the business, capable of foreseeing and promptly detecting any signs of crisis through the constant monitoring of the economic/asset balances and prospective economic/financial flows to ensure the protection of assets and business continuity.

8. Financial assets and liabilities by category

The following table provides a breakdown of financial assets and liabilities by category, with the corresponding *fair value* for the Group's consolidated financial statements as at 31 December 2023 and 31 December 2022:

(thousands of Euros)	31.12.2023				
	Financial assets and liabilities at fair value through profit and loss	Financial assets and liabilities at fair value through other comprehensive income	Financial assets and liabilities at amortised cost	Total	Fair value
Equity investments in other companies	3,160	-	-	3,160	3,160
Other non-current financial assets	-	-	2,217	2,217	2,217
Non-current financial assets measured at Fair value	-	24,966	-	24,966	24,966
Other non-current assets	-	-	9,687	9,687	9,687
Trade receivables	-	-	266,921	266,921	266,921
Other current assets	-	-	48,251	48,251	48,251
Cash and cash equivalents	-	-	268,336	268,336	268,336
Current financial assets measured at Fair value	-	22,550	-	22,550	22,550
Other current financial assets	-	-	2,453	2,453	2,453
Total	3,160	47,516	597,865	648,541	648,541
Current and non-current financial payables exc. leases	-	-	1,543,731	1,543,731	1,515,827
Lease payables	-	-	742,245	742,245	660,369
Other non-current liabilities	-	-	1,831	1,831	1,831
Trade payables	-	-	1,711,571	1,711,571	1,711,571
Other current liabilities	-	-	320,193	320,193	320,193
Total	-	-	4,319,571	4,319,571	4,209,791

(thousands of Euros)	31.12.2022				
	Financial assets and liabilities at fair value through profit and loss	Financial assets and liabilities at fair value through other comprehensive income	Financial assets and liabilities at amortised cost	Total	Fair value
Equity investments in other companies	1,503	-	-	1,503	1,503
Other non-current financial assets	-	-	2,881	2,881	2,881
Non-current financial assets measured at Fair value	-	57,590	-	57,590	57,590
Other non-current assets	-	-	12,787	12,787	12,787
Other current assets	-	-	55,663	55,663	55,663
Cash and cash equivalents	-	-	665,977	665,977	665,977
Current financial assets measured at Fair value	-	20,998	-	20,998	20,998
Other current financial assets	-	-	142	142	142
Total	1,503	78,588	967,661	1,047,752	1,047,752
Current and non-current financial payables exc. leases	-	-	1,921,242	1,921,242	1,956,961
Lease payables	-	-	738,507	738,507	609,396
Other non-current liabilities	-	-	1,767	1,767	1,767
Trade payables	-	-	1,747,837	1,747,837	1,747,837
Other current liabilities	-	-	315,561	315,561	315,561
Total	-	-	4,724,914	4,724,914	4,631,522

9. Information on fair value

In relation to the assets and liabilities recognised in the statement of financial position, IFRS 13 requires that these values be classified based on a hierarchy that reflects the significance of the inputs used to determine the *fair value*.

The classification of the *fair value* of financial instruments based on hierarchical levels is presented below:

Level 1: fair value calculated based on quoted prices (unadjusted) in active markets for identical financial instruments. Therefore, in Level 1 the emphasis is on determining the following elements:

- (a) the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability;
- (b) the ability to carry out a transaction with the asset or liability at that market price at the measurement date.

Level 2: fair value calculated using valuation techniques that use inputs that are observable on active markets. Inputs for this level include:

- (a) quoted prices for similar assets or liabilities in active markets;
- (b) quoted prices for identical or similar assets or liabilities in markets that are not active;
- (c) inputs other than quoted prices that are observable for the asset or liability, for example:
 - i. interest rates and yield curves observable at commonly quoted intervals;
 - ii. implied volatilities;
 - iii. credit spreads;
- (d) market-corroborated inputs.

Level 3: *fair value* calculated using valuation techniques that make use of unobservable market inputs.

The Group measures at *fair value* derivative financial instruments of an "*Interest rate Swap*" nature, to hedge the risk of fluctuations in the variable interest rate relating to the loan taken out for the acquisition by Superit Finco S.p.A. (now Esselunga S.p.A.) of 30% of Supermarkets Italiani S.p.A. (now Esselunga S.p.A.) and on loan taken out as part of the **Purchase of 32.5% of La Villata S.p.A. treasury shares from Unicredit**.

Such operations fall within level 2 of the above hierarchy

The determination of the recoverable value of investment property and the value of equity investments in other companies fall within level 3 of the hierarchy.

10. Operating Segments

An operating segment is an entity's component:

- that undertakes entrepreneurial activities generating revenues and costs (including revenues and costs relating to transactions with other components of the same entity);
- whose operating profit is periodically reviewed by the highest operational decision-making level of the entity to decide on the resources to be allocated to the segment and to assess the results (for Esselunga S.p.A. it is the Board of Directors);
- for which separate financial information is available.

The management information prepared and made available to the Board of Directors for the purposes mentioned above, considers the Group's business activities as an indistinct whole; accordingly, no specific segment reporting is provided in the financial statements.

The Group currently carries out its activities exclusively in Italy, therefore, no performance disclosure *performance* by geographical segment is provided. The real estate activity carried out by the Group is instrumental to its main activity in the *retail* sector. Given the nature of the Group's business, there are no situations of revenue concentration on individual customers.

11. Seasonal events

Historically, the income statement results of the Group have not shown significant sensitivity to seasonal events.

12. Notes to the consolidated statement of financial position

12.1 Property, plant and machinery

Changes in this item are shown below:

Property, plant and machinery (thousands of Euros)	31.12.2022	Increases	ROU increases IFRS 16	Decreases	ROU decreases IFRS 16	Reclassificatio ns and transfers	31.12.2023
Historical cost	5,206,211	103,975	-	(2,151)	-	106,116	5,414,151
Accumulated depreciation/amortisation	(1,951,570)	(129,130)	-	1,092	-	(905)	(2,080,513)
Provision for impairment	(13,133)	(1,901)	-	6,532	-	(5,605)	(14,107)
Land and buildings	3,241,508	(27,056)	-	5,473	-	99,606	3,319,531
Historical cost	1,871,495	75,174	-	(11,197)	-	51,397	1,986,869
Accumulated depreciation/amortisation	(1,375,473)	(104,325)	-	10,132	-	(216)	(1,469,882)
Provision for impairment	(2,094)	(201)	-	444	-	-	(1,851)
Plant and machinery	493,928	(29,352)	-	(621)	-	51,181	515,136
Historical cost	1,881	14	-	-	-	-	1,895
Accumulated depreciation/amortisation	(1,858)	(13)	-	-	-	-	(1,871)
Provision for impairment	-	-	-	-	-	-	-
Industrial and commercial equipment	23	1	-	-	-	-	24
Historical cost	703,029	51,294	-	(17,884)	-	6,744	743,183
Accumulated depreciation/amortisation	(543,433)	(44,732)	-	17,067	-	(26)	(571,124)
Provision for impairment	(1,009)	(50)	-	291	-	-	(768)
Other assets	158,587	6,512	-	(526)	-	6,718	171,291
Historical cost	249,607	153,680	-	(2,153)	-	(151,771)	249,363
Accumulated depreciation/amortisation	-	-	-	-	-	-	-
Provision for impairment	(11,769)	(25)	-	1,763	-	(95)	(10,126)
Assets under development and advances	237,838	153,655	-	(390)	-	(151,866)	239,237
Historical cost	1,134,268	-	86,421	-	(26,117)	-	1,194,572
Accumulated depreciation/amortisation	(352,043)	-	(56,205)	-	8,942	-	(399,306)
Provision for impairment	0	-	-	-	-	-	0
ROU IFRS 16	782,225	-	30,216	-	(17,175)	-	795,266
Historical cost	9,166,491	384,137	86,421	(33,385)	(26,117)	12,486	9,590,033
Accumulated depreciation/amortisation	(4,224,377)	(278,200)	(56,205)	28,291	8,942	(1,147)	(4,522,696)
Provision for impairment	(28,005)	(2,177)	-	9,030	-	(5,700)	(26,852)
Total	4,914,109	103,760	30,216	3,936	(17,175)	5,639	5,040,485

Property, plant and machinery (thousands of Euros)	31.12.2021	Increases	ROU increases IFRS 16	Decreases	ROU decreases IFRS 16	Reclassificatio ns and transfers	31.12.2022
Historical cost	4,994,876	113,629	-	(3,168)	-	100,874	5,206,211
Accumulated depreciation/amortisation	(1,830,336)	(121,237)	-	3	-	-	(1,951,570)
Provision for impairment	(14,521)	-	-	1,388	-	-	(13,133)
Land and buildings	3,150,019	(7,608)	-	(1,777)	-	100,874	3,241,508
Historical cost	1,782,012	71,885	-	(6,692)	-	24,290	1,871,495
Accumulated depreciation/amortisation	(1,278,401)	(102,724)	-	5,652	-	-	(1,375,473)
Provision for impairment	(2,601)	210	-	297	-	-	(2,094)
Plant and machinery	501,010	(30,629)	-	(743)	-	24,290	493,928
Historical cost	1,886	-	-	(5)	-	-	1,881
Accumulated depreciation/amortisation	(1,835)	(28)	-	5	-	-	(1,858)
Provision for impairment	-	-	-	-	-	-	-
Industrial and commercial equipment	51	(28)	-	-	-	-	23
Historical cost	661,907	44,146	-	(8,635)	-	5,611	703,029
Accumulated depreciation/amortisation	(507,938)	(42,890)	-	7,395	-	-	(543,433)
Provision for impairment	(799)	(210)	-	-	-	-	(1,009)
Other assets	153,170	1,046	-	(1,240)	-	5,611	158,587
Historical cost	277,589	107,386	-	(247)	-	(135,121)	249,607
Accumulated depreciation/amortisation	-	-	-	-	-	-	-
Provision for impairment	(11,769)	-	-	-	-	-	(11,769)
Assets under development and advances	265,820	107,386	-	(247)	-	(135,121)	237,838
Historical cost	1,113,604	-	24,447	-	(3,783)	-	1,134,268
Accumulated depreciation/amortisation	(300,705)	-	(51,566)	-	228	-	(352,043)
Provision for impairment	(3,269)	-	-	-	3,269	-	0
ROU IFRS 16	809,630	-	(27,119)	-	(286)	-	782,225
Historical cost	8,831,874	337,046	24,447	(18,747)	(3,783)	(4,346)	9,166,491
Accumulated depreciation/amortisation	(3,919,215)	(266,879)	(51,566)	13,055	228	-	(4,224,377)
Provision for impairment	(32,959)	-	-	1,685	3,269	-	(28,005)
Total	4,879,700	70,167	(27,119)	(4,007)	(286)	(4,346)	4,914,109

Land and buildings

The details of this item are shown in the following table:

Land and Buildings <i>(thousands of Euro)</i>	31.12.2023	31.12.2022
Land	1,299,088	1,208,794
Buildings	2,020,443	2,032,714
Total	3,319,531	3,241,508

The increases include:

- Capex of +€19,984 thousand for the construction of new stores opened by the Esselunga Group in 2023;
- +€15,444 thousand for interventions on the existing sales network;
- +€63,730 thousand for the Group's commercial development.
- +€3,745 thousand for the conservation and development of the logistics centres and headquarters;
- +€1,072 thousand for work on the logistics network;

The decreases mainly refer to the release of the provision for write-down relating to an initiative reclassified from the investment property class, as it became instrumental to the ordinary activity of the Group.

The reclassifications and transfers include:

- investments made in previous years relating to new stores opened in the period and previously classified among fixed assets in progress;
- reclassifications from investment property of land and buildings deemed instrumental to the ordinary activity of the Group;
- reclassifications of land and buildings to investment property no longer considered instrumental to the ordinary activity of the Group.

Plant and machinery

Increases in historical cost include the following investments:

- +€22,622 thousand for new stores;
- +€29,975 thousand for interventions on the existing sales network;
- +€201 thousand for the Group's commercial development.
- +€19,038 thousand for the logistic hubs, production facilities and headquarters;
- +€3,338 thousand for work on the e-commerce network;

The reclassifications and transfers mainly include investments made in previous years relating to the new stores opened in the period and previously classified among fixed assets in progress.

Other assets

The details of this item are shown in the following table:

Other assets <i>(thousands of Euros)</i>	31.12.2023	31.12.2022
Office furniture and equipment	102,655	91,357
Electronic office equipment	42,864	43,159
Bar furniture and furnishings	16,905	15,483
Motor vehicles, cars and vehicles for internal use	5,734	6,124
Niche perfumery, furniture and furnishings	3,133	2,464
Total	171,291	158,587

Increases in historical cost include the following investments:

- +€10,204 thousand for new stores;
- +€24,806 thousand for interventions on the existing sales network;
- +€705 thousand for the Group's commercial development.
- +€15,146 thousand for the logistic hubs, production facilities and headquarters;
- +€433 thousand for work on the logistics network;

The reclassifications and transfers mainly include investments made in previous years relating to the new stores opened in the period and previously classified among fixed assets in progress.

Assets under construction and advances

The increases include the following investments:

- €132,831 thousand for the Group's commercial development.
- €19,911 thousand for the development and completion of logistics centres and offices;
- €938 thousand for work on the e-commerce network;

The reclassifications and transfers relate to:

- investments made in previous years relating to new stores opened in the period and previously reclassified to other classes;
- reclassifications from investment property of assets considered instrumental to the ordinary activity of the Group;
- reclassifications to investment property of assets no longer considered instrumental to the ordinary activity of the Group.

ROU IFRS 16 Leases

The item includes the right of use on properties held by the Company under lease contracts pursuant to the provisions of accounting standard IFRS 16, and on properties held under finance leases pursuant to IAS 17.

The increases mainly refer to extensions or renegotiations of existing contracts. They are composed as follows:

ROU IFRS 16 Leases <i>(thousands of Euros)</i>	31.12.2023	31.12.2022
ROU property, plant and equipment	784,592	773,089
Rou IT equipment	7,138	6,531
Rou cars	2,844	1,954
Rou service vehicles	692	651
Total	795,266	782,225

The reconciliation of the ROU IFRS 16 Leases value with the value reported in the **Management Report** is also shown:

Reconciliation with ROU IFRS 16 from Report <i>(thousands of Euros)</i>	31.12.2023	31.12.2022
ROU property, plant and equipment - IFRS16 operating leases	454,355	428,340
ROU property, plant and equipment - IFRS17 finance leases	330,237	344,749
ROU property, plant and equipment	784,592	773,089
ROU property, plant and equipment - IFRS16 operating leases	454,355	428,340
Rou IT equipment	7,138	6,531
Rou cars	2,844	1,954
Rou service vehicles	692	651
ROU IFRS 16 from Report	465,029	437,476

Monetary revaluations on Property, plant and equipment in compliance with legal provisions

The following table provides a breakdown of this item as at 31 December 2023:

<i>(thousands of Euros)</i>	Revaluation pursuant to Law 72/83	Revaluation pursuant to Law 413/91	Total revaluations
Land	16	1,235	1,251
Buildings	4,040	41,840	45,880
Plant and machinery	190	-	190
Other assets	1,105	26,093	27,198
Total	4,358	43,106	47,463

As at 31 December 2023, the amount of revaluations not yet depreciated was €177 thousand, mainly pertaining to land and buildings.

Property, plant and machinery do not include assets given as collateral.

12.2 Investment property

Investment property includes land or buildings not intended for use in the Group's ordinary activities.

Changes in this item are shown below:

Real estate investments (thousands of Euros)	31.12.2022	Increases	Decreases	Reclassifications and transfers	31.12.2023
Historical cost	399,964	8,722	(21,029)	(14,266)	373,391
Accumulated depreciation/amortisation	(53,391)	(2,697)	139	1,147	(54,802)
Provision for impairment	(228,951)	(6,810)	17,683	5,700	(212,378)
Total	117,622	(785)	(3,207)	(7,419)	106,211

Real estate investments (thousands of Euros)	31.12.2021	Increases	Decreases	Reclassifications and transfers	31.12.2022
Historical cost	397,401	5,534	-	(2,971)	399,964
Accumulated depreciation/amortisation	(50,750)	(2,641)	-	-	(53,391)
Provision for impairment	(220,505)	(11,029)	2,583	-	(228,951)
Total	126,146	(8,136)	2,583	(2,971)	117,622

Increases in historical cost relate to the development of non-instrumental areas (compared to the Group's ordinary business).

The movement relating to provision for impairment refers in the year mainly to the release of the provision for impairment relating to the sale of a property as well as to the alignment of the net carrying amount of investment property at fair value.

The decreases mainly refer to the sale of a portion of the area located in Turin, not considered instrumental to the Group's commercial needs.

The reclassifications mainly refer to areas considered instrumental to the Group's activity reclassified into property, plant and machinery, as well as to investments previously recorded among property, plant and machinery and no longer considered instrumental to the Group's core business.

The breakdown by geographical location of investment property is shown in the following table:

(thousands of Euros)	Net historical cost	Provision for impairment	Total
Lombardy	193,120	(130,392)	62,728
Piedmont	72,078	(53,544)	18,534
Emilia Romagna	33,481	(20,356)	13,125
Liguria	18,672	(6,980)	11,692
Tuscany	17,921	(10,018)	7,903
Veneto	10,122	(6,822)	3,300
Lazio	1,179	(839)	340
31.12.2022	346,573	(228,951)	117,622
Lombardy	190,252	(124,551)	65,702
Piedmont	51,341	(40,908)	10,433
Emilia Romagna	33,165	(20,528)	12,636
Liguria	14,989	(6,888)	8,100
Tuscany	17,542	(11,442)	6,101
Veneto	10,120	(7,187)	2,933
Lazio	1,179	(873)	306
31.12.2023	318,589	(212,378)	106,211

12.3 Goodwill

The breakdown of this item is as follows:

Goodwill <i>(thousands of Euros)</i>	31.12.2023	31.12.2022
Pisa Store Startup	6,020	6,020
EsseBella S.p.A.	566	566
Total	6,586	6,586

Impairment tests were carried out at the end of each financial year to ascertain whether the goodwill recorded had suffered an impairment.

The impairment test is performed by comparing the carrying amount of the goodwill and the Group of net assets that can generate independent cash flows (cash-generating unit - CGU) to which goodwill can reasonably be allocated, with the value in use of the CGU.

The value in use was determined through the discounted cash flow (DCF) method, by discounting the unlevered free cash flows related to the CGU as per the strategic plans for the five years following the impairment test reference year. The discount factor used is the *WACC* for the industry in which the identified *CGU* operates.

The discount rate (*WACC*) used, which reflects the market assessment of the cost of money and the specific risks for the industry and the geographic area, was estimated at 7.01% in 2023 and 7.14% in 2022.

A sensitivity analysis was performed on the impairment test results to assess their variability to changes in the main assumptions underlying the estimate.

Two different scenarios were assumed for this purpose:

- scenario 1: discount rate = 7.51%, with an increase of 50 basis points over the baseline scenario.
- scenario 2: discount rate = 8.01%, with an increase of 100 basis points over the baseline scenario.

The sensitivity analysis showed a low sensitivity of the test to changes in the assumptions underlying the estimate. Specifically, none of the aforementioned scenarios would result in an impairment of the goodwill.

12.4 Intangible assets

Changes in this item are shown below:

Intangible Assets (thousands of Euros)	31.12.2022	Increases	Decreases	Reclassifications and transfers	31.12.2023
Historical cost	364,417	20,142	(1,096)	13,188	396,651
Accumulated depreciation/amortisation	(291,418)	(35,939)	1,090	-	(326,267)
Software	72,999	(15,797)	(6)	13,188	70,384
Historical cost	27,207	72	-	-	27,279
Accumulated depreciation/amortisation	(6,470)	(549)	-	-	(7,019)
Trademarks, concessions and similar rights	20,737	(477)	-	-	20,260
Historical cost	85,165	2,048	-	39	87,252
Accumulated depreciation/amortisation	(29,973)	(2,034)	-	-	(32,007)
Provision for impairment	(3,478)	-	-	-	(3,478)
Commercial licenses	51,714	14	-	39	51,767
Historical cost	32,054	9,474	(17)	(17,447)	24,064
Assets under development and advances	32,054	9,474	(17)	(17,447)	24,064
Historical cost	4,885	23,857	-	6,000	34,742
Accumulated depreciation/amortisation	(4,049)	(9,302)	-	-	(13,351)
Other intangible assets	836	14,555	-	6,000	21,391
Historical cost	513,728	55,593	(1,113)	1,780	569,988
Accumulated depreciation/amortisation	(331,910)	(47,824)	1,090	-	(378,644)
Provision for impairment	(3,478)	-	-	-	(3,478)
Total	178,340	7,769	(23)	1,780	187,866

Intangible Assets (thousands of Euros)	31.12.2021	Increases	Decreases	Reclassifications and transfers	31.12.2022
Historical cost	326,346	22,584	(3)	15,490	364,417
Accumulated depreciation/amortisation	(255,805)	(35,614)	1	-	(291,418)
Software	70,541	(13,030)	(2)	15,490	72,999
Historical cost	27,176	28	-	3	27,207
Accumulated depreciation/amortisation	(5,921)	(549)	-	-	(6,470)
Trademarks, concessions and similar rights	21,255	(521)	-	3	20,737
Historical cost	80,722	2,934	-	1,509	85,165
Accumulated depreciation/amortisation	(28,005)	(1,968)	-	-	(29,973)
Provision for impairment	(3,478)	-	-	-	(3,478)
Commercial licenses	49,239	966	-	1,509	51,714
Historical cost	33,172	8,567	-	(9,685)	32,054
Assets under development and advances	33,172	8,567	-	(9,685)	32,054
Historical cost	4,164	721	-	-	4,885
Accumulated depreciation/amortisation	(3,626)	(423)	-	-	(4,049)
Other intangible assets	538	298	-	-	836
Historical cost	471,580	34,834	(3)	7,317	513,728
Accumulated depreciation/amortisation	(293,357)	(38,554)	1	-	(331,910)
Provision for impairment	(3,478)	-	-	-	(3,478)
Total	174,745	(3,720)	(2)	7,317	178,340

The increases amount to €55,593 thousand and mainly refer to software functional to the improvement of the Group's IT infrastructure and other costs.

The item intangible fixed assets has never been subject to any revaluation.
Based on the analyses performed, intangible assets do not require any impairment.

12.5 Equity investments

The item in question, equal to €3,160 thousand at 31 December 2023 (€1,503 thousand at 31 December 2022) refers to minor investments.

12.6 Other non-current financial assets

This item mainly includes participation in a real estate investment fund and other minor investments.

12.7 Deferred tax assets and liabilities

This item includes the net balance of deferred tax assets and liabilities arising from temporary differences between the value attributed to an asset or liability in the statement of financial position and the value attributed to the same asset or liability for tax purposes.

The breakdown and movements of the items in question, gross of any offsetting made based on the timing in the use of taxes are shown in the following table relative to 31 December 2023:

Deferred tax assets and liabilities (thousands of Euros)	31.12.2022	Income statement effect	Statement of financial position effect	31.12.2023
Timing difference cost deductibility	2,783	(1,783)	-	1,000
Costs for bond issues	(729)	267	-	(462)
Inventories and inventory write-downs	1,327	418	-	1,745
TFR IAS 19	(1,947)	450	498	(999)
Provision for risks with deferred deductibility	10,020	7,486	-	17,506
Assets	(796)	(4,509)	-	(5,305)
Leasing IFRS 16 - Rou	(295,352)	(29,104)	-	(324,456)
IFRS 16 Leasing - Payables	336,003	29,223	-	365,226
Devaluation of surface rights	2,606	(569)	-	2,037
Capital gains subject to deferred taxes	(993)	(10)	-	(1,003)
Derivative	(18,862)	-	7,457	(11,405)
Others	(379)	(2)	-	(381)
Total deferred tax assets and liabilities	33,681	1,867	7,955	43,503

Deferred tax assets relating to unrecognised prior tax losses amount to €245.4 thousand as at 31 December 2023 and mainly refer to companies that are part of the consolidation area but which do not participate in the tax consolidation.

Deferred tax assets and liabilities as of 31 December 2023 were recorded for the period in which the temporary differences that generated them will be recovered and by applying the IRES (24.0%) and IRAP (4.05%) rates.

12.8 Other non-current assets

The breakdown of this item is as follows:

Other non-current assets <i>((thousands of Euros))</i>	31.12.2023	31.12.2022
Tax receivables	5,100	8,144
Security deposits	4,587	4,628
Other receivables	-	15
Total	9,687	12,787

Tax receivables are mainly VAT receivables related to property purchases made by the Group.

Security deposits refer to contracts entered into for the supply of utilities, rent and building areas.

12.9 Inventories

The breakdown of this item is as follows:

Inventories <i>((thousands of Euros))</i>	31.12.2023	31.12.2022
Finished products and goods	525,600	480,517
Raw materials, supplies and consumables	62,856	75,119
Inventory provision for impairment	(7,270)	(5,527)
Total	581,187	550,109

The increase in inventories is mainly attributable to the inflationary effect, which led to a significant rise in the value of suppliers' price lists, and a quantity effect resulting from the expansion of the sales network.

The provision for impairment on inventory takes into account the estimated realisable value of certain product categories.

The movements of the provision for warehouse inventory write-downs are shown below:

Provision for impairment of stock <i>((thousands of Euros))</i>	31.12.2023	31.12.2022
Balance at the beginning of the year	(5,527)	(8,453)
Allocations	(7,270)	(5,527)
Uses and releases	5,527	8,453
Balance at the end of the year	(7,270)	(5,527)

As at 31 December 2023, there were no warehouse inventories pledged as collateral on financing received by the Group.

12.10 Trade Receivables

The breakdown of this item is as follows:

Trade Receivables <i>(thousands of Euros)</i>	31.12.2023	31.12.2022
Receivables from suppliers for promotional activities	153,339	121,988
Receivables from customers	57,435	49,481
Receivables from customers for use of Fidelity Oro cards	58,227	59,655
Receives from parent	6	6
Provision for doubtful receivables	(2,086)	(919)
Total	266,921	230,211

Receivables from suppliers for promotional activities refer to the compensation accrued for promotional activity carried out for commercial suppliers, mainly for advertising, preferential display, leaflet distribution.

These receivables are shown net of those that can be offset against trade payables.

Receivables from customers mainly refer to receivables for the use of meal vouchers within the Group's shops and bars and to receivables for other sales.

Receivables from customers for the use of Fidelity Oro cards refer to the receivables due from customers following the use in December 2023 of "Fidelity Oro" payment cards, collected in January 2024.

The **provision for doubtful receivables**, of €2,086 thousand at 31 December 2023 (€919 thousand at 31 December 2022) is functional to aligning the carrying amount of receivables to their estimated realisable value. The increase compared to 2022 refers to the provisions made during the year relating to credit positions which are estimated to be uncollectible.

12.11 Current tax receivables

The breakdown of this item is as follows:

Current tax receivables <i>(thousands of Euros)</i>	31.12.2023	31.12.2022
Receivables from parent companies - IRES	4,852	30,998
Receivables from tax authorities - IRES payments advances	69	279
Receivables from tax authorities - IRAP payments advances	2	3,268
Total	4,923	34,545

IRES receivable from parent companies refers to taxes receivable from the consolidating entity Superit S.r.l. by the companies participating in the tax consolidation.

12.12 Other current assets

The breakdown of this item is as follows:

Other current assets <i>(of Euros)</i>	<i>(thousands)</i>	31.12.2023	31.12.2022
Accrued income and prepaid expenses		14,860	18,419
Receivables from other debtors		8,873	20,781
Tax receivables (mainly VAT)		25,396	19,182
Provision for impairment of other receivables		(878)	(2,719)
Total		48,251	55,663

Accruals and prepaid expenses include costs for the use of third-party assets, insurance, advertising, repairs and maintenance, already paid but not pertaining to the period.

Receivables from other debtors mainly include receivables from employees and social security institutions and receivables for the recovery of costs and other non-performing loans for which the provision for doubtful receivables has been allocated.

In 2022, the item included the tax credit for electricity and gas, the decrease in the item is mainly due to the impacts of this tax credit on electricity and gas.

The movement in the **provision for impairment of other receivables** is shown below:

Provision for impairment of other receivables <i>(thousands of Euros)</i>	31.12.2023	31.12.2022
Balance at the beginning of the year	(2,719)	(2,816)
Allocations	(89)	(10)
Use	1,930	107
Balance at the end of the year	(878)	(2,719)

12.13 Shareholders' Equity

The breakdown of this item is as follows:

Shareholders' equity <i>(thousands of Euros)</i>	31.12.2023	31.12.2022
Share capital	100,000	100,000
Profit/loss for the Group period	118,677	63,754
Share premium reserve	164,510	164,510
Revaluation reserves	25,728	25,728
Legal reserve	20,000	20,000
Merger reserves	(1,456,735)	(1,456,735)
Cash flow hedge reserve	35,284	57,905
IAS 19 employee severance indemnities reserve	(1,596)	(297)
FTA IAS-IFRS reserve	54,711	54,711
Retained earnings	2,907,721	2,843,967
Other reserves:	(765)	(765)
Equity attributable to owners of the parent	1,967,535	1,872,778
Equity attributable to non-controlling interests	-	-
Total shareholders' Equity	1,967,535	1,872,778

At the reporting date, the share capital was fully subscribed and paid and consisted of 100,000,000 ordinary shares with a par value of €1.0 each.

The change in shareholders' equity compared to the previous year of €94,757 thousand is mainly due to the following impacts:

- increase due to the recognition of profit for the period (€118,677 thousand);
- decrease due to adjustment of the cash flow hedge reserve (-€22,621 thousand), which includes changes in the fair value of derivative financial instruments hedging the variability of interest rates on loans payable, net of deferred taxes;
- decrease due to the recognition of actuarial losses (€-1,299 thousand) on employee severance indemnities net of the related tax effect.

12.14 Net financial position

The Net Financial Position is an indicator that detects company liquidity and in particular allows us to evaluate:

- the overall level of indebtedness of the Company;
- the soundness of the capital structure.

The Net Financial Position (including liabilities for operating leases) as at 31 December 2023 was negative and amounted to €1,967,671 thousand (€1,915,042 thousand as at 31 December 2022).

The negative variation of €52,629 thousand is mainly attributable to the following impacts:

- +€515,131 thousand of operating flow generated from core business after taxes;
- -€472,757 thousand relating to investment activities functional to the development and maintenance of the sales network, logistics hubs and Group offices (of which €69,901 thousand relating to investments in new operational *leasing* contracts (ROU *Right of Use*) in application of the international accounting standard IFRS 16 *Leases*;
- -€63,932 thousand from finance expenses related to outstanding loans, including operating leases.
- -€31,071 thousand relating to the change in the *fair value* of the derivative financial instruments hedging the interest rate risk relating to the Acquisition loan and the La Villata loan;

Details are given below:

Net Financial Position (thousands of Euro)	31.12.2023	31.12.2022
Non-current financial assets measured at Fair value	24,966	57,590
Cash and cash equivalents	268,336	665,977
Current financial assets measured at Fair value	22,550	20,998
Accrued interest income on current accounts and other	2,293	142
Other current financial assets	160	-
Other current financial assets	2,453	142
Bonds - non-current portion	(495,232)	(494,057)
Bank loans - non-current portion	(835,829)	(877,917)
Lease payables - non-current portion	(672,173)	(669,159)
Non-current financial liabilities	(2,003,233)	(2,041,133)
Bonds - -current portion	(1,747)	(500,938)
Bank loans - current portion	(209,850)	(47,279)
Lease payables - current portion	(70,074)	(69,351)
Loans payable to parent companies	(1,072)	(1,048)
Current financial liabilities	(282,743)	(618,616)
Net Financial Position	(1,967,671)	(1,915,042)

Financial assets measured at Fair Value

The item mainly includes the positive fair value of derivative financial instruments of an Interest Rate Swap nature, to hedge the risk of fluctuations in variable rates relating to the loan taken out for the acquisition of 30% of Supermarkets Italiani S.p.A. and the amortising loan taken out by La Villata as part of the Purchase of 32.5% of treasury shares from Unicredit.

Cash and cash equivalents

The breakdown of this item is as follows:

Cash and cash equivalents (thousands of Euros)	31.12.2023	31.12.2022
Deposits with banks and post-office	259,551	657,122
Cash and cash equivalents on hand	8,765	8,801
Cheques	20	54
Total	268,336	665,977

Current and non-current financial liabilities

Bonds

On 18 October 2017, Esselunga S.p.A. placed two Eurobonds with a nominal value of €500 million each, with maturities of 6 and 10 years, listed on the Luxembourg Stock Exchange, with the following characteristics.

At the scheduled maturity date of 25 October 2023, the Group repaid in full the principal portion of the first bond (six-year maturity) using cash and cash equivalents and cash elasticity instruments (credit lines); the principal portion of the remaining Eurobond will be repaid in full on the maturity date (25 October 2027).

The total value of the outstanding Bond is recorded net of the issue discount and transaction costs incurred for the issue of the Bonds, which mainly include legal expenses to finalise the issues, the fees paid to the banks involved in the transaction as Joint Bookrunners, as well as the fees for the rating advisory activity.

The following table shows the characteristics of the bond loan still outstanding:

Maturity 2027
- Nominal value: €500 million
- Maturity: 25 October 2027
- Annual coupon: 1.875%
- Issue price: 99.289%
- Yield to maturity: 1.954%
- Spread: 110 bps on the midswap rate

Bank loans

- On 27 January 2020, Superit Finco S.p.A. (now Esselunga S.p.A.) entered into a loan ('*Acquisition facility*') worth €775 million with leading banks, which provides for a credit line to be used from 23 April 2020. As of 31 December 2023, the covenant provided for in the contract was respected.
- In June 2022, as part of the transaction for the purchase of 32.5% of La Villata S.p.A.'s treasury shares from Unicredit, it signed a four-year bank loan worth €180 million with Unicredit.

Please note that:

- In August 2021, Esselunga entered into three non-revocable revolving sustainability-linked credit line agreements with leading banks for €300 million maturing in August 2026. At 31 December these credit lines had been used for 160 million;
- In June 2022, Esselunga entered into three contracts for three non-revocable *revolving* credit lines with leading banks for €300 million maturing in June 2027. As at 31 December, these credit lines were undrawn.

Lease payables

The following table shows the reconciliation of the finance lease payable with the outstanding lease payments as of 31 December 2023:

<i>Lease payables</i> <i>(thousands of Euros)</i>	31.12.2023	31.12.2022
Lease payables (until contract maturity)	915,973	904,790
Lease payables (implied interest)	(173,727)	(166,280)
Total	742,247	738,510
of which non-current	672,173	669,159
of which current	70,074	69,351

In 2023 the Group paid leasing fees (capital quotas) amounting to €66,366 thousand (€28,889 for financial leasing contracts and €37,477 for IFRS 16 operating leasing contracts)

In 2023, the weighted average lease rate was 4.0%. Floating-rate finance leases accounted for 22% of finance-lease payables as at 31 December 2023.

12.15 Employee severance indemnities (TFR) and other staff-related provisions

The movement of the TFR fund is shown in the following table:

Employee severance indemnities (TFR) and other staff-related provisions <i>(thousands of Euros)</i>	31.12.2023	31.12.2022
Balance at the beginning of the year	71,310	87,463
<i>Interest cost</i>	2,604	834
Payments and transfers	(4,469)	(4,806)
Actuarial gains/(losses)	1,775	(12,181)
Balance at the end of the year	71,221	71,310

The main assumptions used to calculate the amount of the liability are shown below:

	31.12.2023	31.12.2022
Financial Assumptions		
Inflation rate (annual)	2.0%	2.3%
Discount Rate (Annual)	3.1%	3.8%
TFR Annual rate of increase	3.0%	3.2%
Demographic Assumptions		
Expected mortality rate	Data from Table RG48 (State General Accounting Office)	
Expected disability rate	INPS tables separated by age and sex	
Time of retirement	100% on achieving AGO requirements	
Turnover Frequency		2.50%
Frequency of Advances		2.00%

12.16 Provisions for risks and charges

The movements in the provisions for risks and charges are shown in the table below:

Provisions for risks and charges (thousands of Euros)	31.12.2023	31.12.2022
Balance at the beginning of the year	35,823	47,829
Allocations	23,922	12,711
Uses / Releases	(11,543)	(24,717)
Balance at the end of the year	48,203	35,823

The **allocations** made relate mainly to risks associated with contracts awarded to third-party suppliers, social security contributions and charges related to certain initiatives in the real estate sector.

The item **uses/releases** refers mainly to uses due to payments to settle past liabilities and releases resulting from the lapse of certain risks set aside in previous years.

The Group, along with some subcontracted suppliers, was sued by some employees of these suppliers. The Group has made the necessary provisions for risks where the risk of loss is deemed probable. Where the risk was deemed possible, no provision was made. The Group will monitor the progress of litigation.

12.17 Deferred revenue for current and non-current prize-giving promotions

This item is the liability related to the points earned and not yet redeemed by customers at the reporting date.

The movements in the item for the year ended 31 December 2023 broken down by campaign:

Deferred income from reward events(thousands of Euros)	31.12.2022	Point value		31.12.2023
		accrued	redeemed	
<i>Fidelity campaign 2021-2026</i>	73,616	73,932	(50,227)	97,322
<i>Amici di scuola (school friends)</i>	10,935	13,636	(10,935)	13,636
<i>Christmas Competition</i>	8,821	2,758	(8,821)	2,758
<i>Black & Decker</i>	-	311	-	311
<i>20 years Atlantic competition</i>	-	103	(3)	100
<i>20 years Eib competition</i>	148	-	(148)	-
<i>San Donato Eib</i>	6	-	(6)	-
Total	93,527	90,740	(70,140)	114,127

Deferred income from non-current promotions reward events (thousands of Euros)	31.12.2022	Point value		31.12.2023
		accrued	redeemed	
<i>Fidelity campaign 2021-2026</i>	70,478	24,592	(32,362)	62,708
Total	70,478	24,592	(32,362)	62,708

The 'Fidelity' gift with purchase promotion is the Group's institutional promotion for customer loyalty.

12.18 Total non-current liabilities

The breakdown of this item is as follows:

Other non-current liabilities <i>((thousands of Euros))</i>	31.12.2023	31.12.2022
Security deposits	1,783	1,758
Tax payables	-	3
Others	48	6
Total	1,831	1,767

12.19 Trade payables

The breakdown of this item is as follows:

Trade Payables <i>(thousands of Euros)</i>	31.12.2023	31.12.2022
Trade payables for goods	1,334,417	1,371,371
Trade payables for services	212,986	239,489
Trade payables for investments	164,168	136,977
Total	1,711,571	1,747,837

Trade payables are shown net of any trade receivables relating to the same suppliers.

12.20 Current tax payables

The breakdown of this item is as follows:

Current tax payables <i>(thousands of Euros)</i>	31.12.2023	31.12.2022
IRES tax payable to parent company	27,374	11,112
Replacement tax Civil Tax Realignment	-	2,501
IRES tax payable to the tax authorities	250	269
IRAP tax payable to the tax authorities	8,312	32
Total	35,936	13,914

12.21 Other Current Liabilities

The breakdown of this item is as follows:

Other current liabilities <i>(thousands of Euros)</i>	31.12.2023	31.12.2022
Payables to employees and other staff	102,103	95,050
Payables to social security institutions	71,785	66,574
Payables to customers for prepaid cards	77,903	103,332
VAT payable to the tax authorities	26,964	1,370
IRPEF payable to the tax authorities	20,059	18,834
Other payables to the tax authorities	4,831	8,497
Advances	370	5,510
Accrued expenses and deferred income	812	715
Other payables	15,366	15,679
Total	320,193	315,561

Payables to employees and other staff includes accrued liabilities for costs accrued as at 31 December 2023 and not yet paid (fourteenth month pay, holidays, additional permits, performance bonuses and miscellaneous entitlements).

The significant decrease in **debts to customers for prepaid cards** is due to the decrease in the tax and contribution exemption threshold for compensation in kind paid to employees (€1,000 per employee and €2,000 for employees with dependent children) contained in the Budget Law 2024 art. 1 paragraph 16. with respect to Decree-Law No. 176 of 18 November 2022, the so-called "Aid-quater Decree", which in the previous year had raised the quota to €3,000, thus leading to a significant increase in the volume of this item.

The decrease under the heading **Advances** is the result of the sale of an area located in Piedmont, for which, following preliminary agreements, a deposit had been received.

The **other debts** mainly include liabilities towards non-profit organisations of social utility and commissions to be paid to credit institutions for the use of electronic forms of collection.

13. Notes to the consolidated income statement

13.1 Net revenue

The breakdown of the item is as follows:

Net revenue (thousands of Euros)	2023	2022	Difference
Total sales	9,325,770	8,835,467	490,303
Costs for the purchase of newspapers and phone cards and related services	(118,871)	(140,610)	21,739
Deferred revenue for prize promotions	(12,830)	(36,251)	23,421
Other adjustments	(50,003)	(41,060)	(8,943)
Sales Adjustments	(181,704)	(217,921)	36,217
Total	9,144,066	8,617,546	526,520

Total sales in 2023 increased by €490,303 thousand (+5.5%) compared to 2022.

Net revenues, determined by adjusting total sales from functional items to express only the sales margin in net revenue, in compliance with the requirements of IFRS 15, increased by €526,520 thousand (+6.1%) compared to the previous year.

Sales growth of **+5.5%** (+3.2% in 2022) was generated by an increase in sales of Esselunga, Atlantic bars and eb perfumeries.

This increase is the result of the reduction in food consumption and the concomitant price growth that occurred in the market in 2022 and continued in 2023.

The **deferred revenues for prize events**, equal to -€12,830 thousand (-36,251 thousand in 2022), are the result of the recognition of:

- recognition of fees for bonds (premiums and discount vouchers) to be considered extinguished with the use of points in the amount of +€102,500 thousand (+€88,810 thousand in 2022);
- deferral of consideration for future obligations for -€115,330 thousand (-€125,061 in 2022).

13.2 Costs for goods and raw materials

The net costs for goods and raw materials in 2023 amounted to €6,313,118 thousand compared to €6,033,250 thousand in 2022.

Costs for goods and raw materials are shown net of revenue from promotional activities.

Revenue from promotional activities refers to promotional services provided by the Group to its suppliers, mainly consisting of preferential product display, organisation, and implementation of promotional campaigns targeted to specific products and advertising flyers.

13.3 Other revenues and income

The item other revenue and income is detailed as follows:

Other revenues and income <i>(thousands of Euros)</i>	2023	2022
Rent of supports for transport of perishable products	13,385	13,091
Other sales	8,364	12,954
Rental income and recovery of common charges	9,211	8,195
Revenue from providing product data	6,185	5,889
Insurance reimbursements and damages charged back	3,554	3,890
Miscellaneous contributions	1,365	1,300
Fragola points debit	1,344	1,359
Spreads and commissions	1,090	1,011
Recharge of costs for quality control analysis	504	356
Services to parent company	21	21
Other	5,374	4,367
Total	50,397	52,433

Other sales mainly include sales of scrap, waste paper, pallets and production waste to third parties and income from photovoltaic and cogeneration plants.

The **Fragola points debit** item includes the proceeds from the transfer of points relating to the Fidelity Campaign to commercial *partners*.

13.4 Costs for services

The breakdown of this item is as follows:

Costs for services <i>(thousands of Euros)</i>	2023	2022
Transportation and portage	412,468	398,641
Utilities and data transmission expenses	162,899	172,548
Repairs and maintenance	135,041	118,374
Advertising and marketing	75,127	73,620
Cleaning	60,485	55,818
Consulting and professional services	30,967	40,709
Internal and external processing of goods and products	32,205	29,973
Bank collection fees	27,387	25,666
Security, surveillance and transportation of valuables	18,216	19,193
Insurance	5,776	6,108
Common charges	10,240	9,671
Commissions for Luncheon Vouchers	8,869	8,002
Rentals	4,732	5,397
Rent expense	952	1,227
Other services	43,771	39,663
Total	1,029,135	1,004,610

The reduction in the cost of **utilities and data transmission costs** is mainly due to the reduction in the cost of raw materials compared to 2022.

Meal voucher commissions refer to the commission paid to the issuers of meal vouchers following their acceptance.

The item **rent expense** refers to the variable component on the lease payments linked to the sales of the shops (the guaranteed minimum rents are accounted for according to the international standard IFRS 16 *Leases*).

Other services mainly includes costs related to the “Amici di Scuola” schools campaign, to personnel management, such as canteen, clothing, medical examinations and commissions paid to temporary employment agencies, insurance costs and costs for meat and fish processing, parking management costs at some stores and call centres.

13.5 Personnel costs

The breakdown of this item is as follows:

Personnel costs <i>(of Euros)</i>	<i>(thousands)</i>	2023	2022
Wages and Salaries		798,762	770,271
Social security charges		238,485	225,360
Employee severance indemnity		53,521	52,825
Cost for temporary employees		10,166	7,655
Corporate welfare		4,231	4,078
Gifts to employees		1,315	11,460
Other personnel costs		2,146	1,110
Total		1,108,626	1,072,759

Personnel costs include the Corporate Welfare programme, which allows employees to take advantage of perks and benefits for themselves and their families and convert the performance bonus into services.

The reduction in **gifts to employees** derives from the Group’s decision to provide a one-off donation in December 2022 as part of the measures aimed at combating the high cost of living, with the aim of protecting the purchasing power of its collaborators.

The changes in the average workforce are shown in the table below:

Average workforce	2023	2022
Non-office workers	7,469	7,888
Office workers	17,248	16,758
Middle managers	497	473
Managers	77	79
Total	25,291	25,198

At 31 December 2023, the Company had a workforce of 25,436 people (25,073 as at 31 December 2022).

13.6 Other operating costs

The breakdown of this item is as follows:

Other operating costs <i>(thousands of Euros)</i>	2023	2022
Municipal Property Tax - IMU	23,370	22,676
Municipal solid waste disposal fee - TARI	11,606	11,450
Donations	4,278	7,386
Taxes related to prize promotions	5,272	6,880
Other taxes and duties	48,272	4,818
Rights, authorisations and concessions	2,083	3,448
Subscriptions, printing, etc.	643	598
Provisions (uses/releases) for risks and charges	17,173	(6,704)
Net write-downs of financial assets	(674)	550
Other operating costs	9,599	6,852
Total	121,622	57,954

The item **Other taxes and duties** mainly includes the regularisation of the Group's tax position through the payment to the Revenue Agency of the disputed sum as indicated in the paragraph **Investigation by the Milan Prosecutor's Office**.

Allocations (uses/releases) for risks and charges mainly refer to risks related to tenders awarded to third-party suppliers and to charges related to certain initiatives in the real estate sector, net of uses/releases mainly due to payments to settle past liabilities and releases resulting from the lapse of certain risks set aside in previous years.

The increase in **other operating costs** refers to donations made by the Group as well as costs incurred in relation to settlement agreements concluded during the year.

13.7 Amortisation and depreciation

The breakdown of this item is as follows:

Depreciation <i>(thousands of Euros)</i>	2023	2022
Depreciation of property, plant and equipment	277,303	266,351
Rou (<i>Right of use</i>) amortisation and depreciation	56,205	51,666
Depreciation of real estate investments	2,697	2,641
Amortisation of intangible assets	47,825	38,564
Total	384,031	359,222

The increase mainly relates to the commissioning of assets due to new store openings and new IFRS 16 ROUs.

13.8 Allocations, write-ups and write-downs of fixed assets

The breakdown of this item is as follows:

Allocations, write-ups and write-downs of fixed assets <i>(thousands of Euros)</i>	2023	2022
Write-downs of investment properties	(9,524)	(11,029)
Reversals of impairment on real estate investments	13,096	2,583
Allocations for property risks	(6,098)	(1,892)
Release of provisions for property risks	3,614	1,384
Other minor write-downs/reinstatements	131	-
Total	1,218	(8,954)

This item is mainly recognised to align the carrying amount to the market value identified by an independent expert's or internal appraisal.

This item is shown net of reversals up to the purchase cost when the reasons for the write-downs made in previous years no longer apply.

13.9 Capital gains/losses on non-current assets

This item amounted to €1,109 thousand (€557 thousand in 2022) and related to the impact of selling real-estate assets.

Capital gains/losses on fixed assets <i>(thousands of Euros)</i>	2023	2022
Capital gains on disposal of tangible assets	1,120	492
Capital losses on disposal of tangible assets	(652)	(289)
Capital gains/losses ROU IFRS 16	641	354
Total	1,109	557

IFRS 16 ROU capital gains/losses refer to the early closure of contracts for renegotiation and early withdrawal.

13.10 Net financial income (expense)

The breakdown of this item is as follows:

Net financial income (expenses) <i>(thousands of Euros)</i>	2023	2022
Bank interest income	4,683	859
Other finance income	1,068	1,827
Finance income	5,751	2,686
Finance expense on leasing contracts	(23,241)	(21,076)
Finance expense on bonds	(16,728)	(17,842)
Finance expense on acquisition facility	(16,510)	(11,731)
Finance expense on La Villata loans	(5,952)	(2,450)
Other finance expenses	(7,556)	(2,091)
Finance expense	(69,987)	(55,190)
Total	(64,236)	(52,504)

Finance expenses on leasing contracts include both interest expenses relating to financial leasing contracts and those relating to operating leasing (accounted for under the IFRS 16 accounting standard).

Finance expenses on Bonds include interest expenses for the period and the amortised cost portion.

The **financial expense on the Acquisition facility and on the La Villata loan** include the interest payable for the period and the amortised cost part. These charges are net of the income relating to the contracts from "Interest Rate Swap" financial instruments;

The **other finance expenses and income** include what is described in the **Milan Prosecutor's Office Investigation chapter**, in addition to the portion relating to the adjustment of the severance pay in application of IAS 19 and other minor items.

13.11 Income (expenses) from equity investments

The breakdown of this item is as follows:

Income (expenses) from equity investments <i>(thousands of Euros)</i>	2023	2022
Share of income from equity investments	14	129
Expenses from equity investments	(99)	(149)
Total	(85)	(19)

13.12 Taxes

The breakdown of this item is as follows:

Taxes <i>(thousands of Euros)</i>	2023	2022
Current income taxes	(61,657)	(19,471)
Income from tax consolidation	2,530	9,111
Net deferred tax income (Expense)	1,867	317
Deferred taxes "Tax realignment"	-	(7,465)
Total	(57,260)	(17,508)

The analysis of actual taxation as a percentage of the Group's profit before tax compared to the theoretical figure is detailed in the table below:

	2023	2022
Applicable ordinary tax rate	28.05%	28.05%
Increases (decreases) compared to ordinary rate:		
- permanent differences	11.31%	4.96%
- different IRAP base	4.14%	5.07%
- Energy Bonus tax credit	-2.38%	-8.58%
Iper/Super amortisation and depreciation	-2.74%	-7.45%
- effect of reduction in taxable A.C.E.	-3.91%	-8.08%
- Income taxes of prior years	-1.40%	0.32%
- IRAP deductibility for IRES purposes	-0.24%	-0.79%
- release of realignment diff. Art.110 LD 1048/2020	-0.34%	8.24%
- other changes	0.06%	-0.20%
Actual tax rate	32.55%	21.54%

The effective tax charge for 2023 was 32.55% in (21.54% in 2022), compared to the theoretical tax rate of 28.05%.

The difference between the theoretical tax rate and the effective tax rate is mainly due to:

- **permanent differences** that caused an increase in the tax burden of €19,890,000 in 2023 and €4,017,000 in 2022 (change of 11.31% and 4.96% respectively); they mainly refer to the non-deductibility of what described in the chapter **Investigation by the Milan Public Prosecutor's Office (€14,144 thousand), of the IMU (€1,510 thousand in 2023 and €1,419 in 2022) and of charitable donations (€740 thousand in 2023 compared to €851 thousand in 2022);**
- the **different IRAP base** that increased the charge for the years 2023 and 2022 by €7,282 thousand and €4,116 thousand, respectively (change of 4.14% in 2023 and 5.07% in 2022);

- the benefit from the [tax credit related to the consumption of Electricity and Gas](#) in 2023 for €4,192 thousand (change of 2.38%) and €6,970 thousand in 2022 (change of 8.58%);
- the benefit of [extra depreciation and amortisation and hyper depreciation and amortisation](#) for €4,813 thousand (2.74% change) in 2023 and €6,055 thousand in 2022 (7.45% change);
- [the benefit attributable to the ACE and super ACE](#) (Aid to Economic Growth) relief for €6,885 thousand (change of 3.91%) in 2023 and €6,567 thousand in 2022 (change of 8.08%);
- [the statutory tax realignment](#) related to Article 110 of Decree-Law 104 of 2020, which resulted in an adjustment of €593 thousand (change of 0.34%) in 2023 and €6,693 thousand in 2022 (change of 8.24%).

14. Transactions with related parties

The transactions carried out by the Group with related parties do not qualify as either atypical or unusual, fall within the Group's ordinary activities and are entered into on an arm's length basis.

Transactions with related parties in the years ended 31 December 2023 and 31 December 2022 mainly concerned:

- business relations mainly concerning administrative services and leases;
- financial transactions;
- transactions regarding the management of the IRES tax consolidation and Group VAT;
- employment and collaboration contracts with executives with strategic responsibilities including the Company's members of the Board of Directors;
- commercial transactions mainly concerning professional consultancy services carried out by related parties through members of the Board of Directors.

The following tables show the balance sheet amounts arising from transactions with related parties during the years ended 31 December 2023 and 31 December 2022:

<i>Transactions with related parties that affect the income statement (thousands of Euros)</i>	Superit S.r.l.	Dom 2000 S.p.A.	Centomila candele S.c.p.a.	Board of Directors	Others	Total	Total item	As % of item
31.12.2023								
Intangible assets	-	-	-	4,583	-	4,583	187,866	2.4%
Trade receivables	6	-	-	-	-	6	266,921	0.0%
Current tax receivables	4,852	-	-	-	-	4,852	4,923	98.6%
Other current financial assets	51	-	-	-	-	51	2,453	2.1%
Non-current financial liabilities	-	210,748	-	-	-	210,748	2,003,233	10.5%
Employee severance indemnities (TFR) and other staff-related pro	-	-	-	77	-	77	71,221	0.1%
Current financial liabilities	1,072	10,189	-	-	-	11,261	282,743	4.0%
Trade payables	-	672	-	-	591	1,263	1,711,571	0.1%
Current tax payables	27,374	-	-	-	-	-	35,936	76.2%
Other current liabilities	-	-	-	505	-	505	320,193	0.2%
31.12.2022								
Intangible assets	-	-	-	6,000	-	6,000	178,340	3.4%
Trade receivables	6	-	-	-	-	6	230,211	0.0%
Current tax receivables	30,998	-	-	-	-	30,998	34,545	89.7%
Other current financial assets	55	-	-	-	-	55	142	38.7%
Non-current financial liabilities	-	199,310	-	-	-	199,310	2,041,133	9.8%
Employee severance indemnities (TFR) and other staff-related pro	-	-	-	76	-	76	71,310	0.1%
Current financial liabilities	1,053	11,635	-	-	-	12,688	618,616	2.1%
Trade payables	-	1,108	-	3,000	378	4,486	1,747,837	0.3%
Current tax payables	11,112	-	-	-	-	-	13,914	79.9%
Other current liabilities	-	-	-	571	-	571	315,561	0.2%

The following table shows the income statement amounts arising from transactions with related parties in the years 2023 and 2022:

Economic transactions with related parties <i>(thousands of Euros)</i>	Superit S.r.l.	Dom 2000 S.p.A.	Centomila candele S.c.p.a.	Board of Directors	Others	Total	Total item	As % of item
2023								
Other revenues and income	21	-	-	-	-	21	50,397	0.0%
Costs for services	160	672	-	-	1,285	2,117	1,029,135	0.2%
Personnel costs	-	-	-	7,502	-	7,502	1,108,626	0.7%
Finance expense	44	6,612	-	-	-	6,656	69,987	9.5%
2022								
Other revenues and income	10	-	-	-	-	10	52,433	0.0%
Costs for services	168	1,108	-	-	1,088	2,364	1,004,610	0.2%
Personnel costs	-	-	-	6,152	-	6,152	1,072,759	0.6%
Finance expense	8	6,304	-	-	-	6,312	55,190	11.4%

The other revenues and income refer to the provision of administrative services.

Costs for services to Dom 2000 S.p.A. refer to the variable component of rent expense.

The costs for services to other related parties refer to professional consultancy services carried out by the law and tax consulting firm Pirola, Pennuto Zei and Associati as a related party through members of the Board of Directors.

Personnel costs refer to the emoluments and remuneration granted in any form and for any reason to the Senior Management, including members of the Parent Company's Board of Directors, and recorded in the financial statements in each of the two periods ended 31 December 2023 and 2022, including allocations and regardless of whether such costs have already been paid.

Finance expense vis à vis DOM 2000 S.p.A. refers to finance expenses recognised in compliance with IFRS 16 on leases.

The Parent Company is not subject to management and coordination.

15. Commitments, guarantees and contingent liabilities

15.1 Capex commitments

Commitments outstanding as at 31 December 2023 for capex amounted to €107,350 thousand and were determined based on contracts and agreements entered into with the relevant local authorities net of capex already made at that date and liabilities already recorded in the financial statements.

15.2 Commitment for the purchase of goods

The Group did not enter into significant agreements for the future purchase of goods. Therefore, there are no commitments in this regard.

15.3 Guarantees given

The guarantees given by the Esselunga Group amounted to €135,057 thousand as at 31 December 2023, of which €124,766 thousand were bank guarantees, €5,220 thousand insurance guarantees and €5,071 thousand to the Treasury for VAT credits as part of the VAT settlement procedure.

15.4. Contingent liabilities and lawsuits

Please refer to what has already been commented in the **Milan Prosecutor's Office Investigation chapter and** to what has been commented in the **Provisions for risks and charges** section of this Financial Statement.

16. Positions or transactions arising from atypical and/or unusual transactions

In 2023, no atypical and/or unusual transactions were carried out which, due to their nature, size, or effect, may affect the Group's assets, liabilities, shareholders' equity, net result or cash flows.

17. Summary of public grants pursuant to Article 1 of law 124/2017

We inform you that the obligations set out in the annual Market and Competition Law 124/2017 do not apply to the Esselunga Group, as the subsidies, contributions, or other financial aid received fall within the scope of its activity and, in any case, refer to incentive measures addressed to all companies in general.

18 Remuneration of the Board of Statutory Auditors

The compensation paid to the Board of Statutory Auditors for the financial year ended 31 December 2023 amounted to €115 thousand.

19. Independent auditors' fees

Pursuant to the applicable legislation, the total fees for the 2023 financial year for auditing and non-audit services provided by PricewaterhouseCoopers S.p.A. and entities belonging to its network are shown below:

<i>(thousands of Euros)</i>	Service provider	Recipient	Total fees
Audit services	PricewaterhouseCoopers S.p.A.	Esselunga S.p.A.	829
		Subsidiaries	121
Non-audit services	PricewaterhouseCoopers S.p.A.	Esselunga S.p.A.	-
		Subsidiaries	-
	PricewaterhouseCoopers Network	Esselunga S.p.A.	1,184
		Total	2,134

20. Significant events after the end of the financial year

There are no significant events occurring after the closing date that have an impact on these Financial Statements.

Milan, 8 April 2024



**The Chairman
of the Board of Directors
(Ms Marina Sylvia Caprotti)**

Report of the Board of Statutory Auditors

ESSELUNGA S.p.A. (Sole shareholder)
Registered office in Milan, Via Vittor Pisani 20
Share Capital €100,000,000 fully paid up
Tax Code and Milan, Monza Brianza, Lodi Register of Companies No. 01255720169
Milan R.E.A. no. 1063068

**REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31.12.2023**

To the sole shareholder

The Consolidated Financial Statements of the Esselunga Group, as notified to us by the Directors, have been drafted in compliance with the International Financial Reporting Standards (IFRS).

Pursuant to Legislative Decree No. 39 of 27 January 2010 and Article 41, paragraph 2 of Legislative Decree No. 127 of 9 April 1991, the task of verifying that the Consolidated Financial Statements comply with legal requirements and correspond to the accounting records and the consolidation entries is assigned to the Independent Auditors.

Our supervisory activity was carried out in compliance with the principles of conduct of the Board of Statutory Auditors as issued by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Council of Certified Accountants and Auditors) and concerned, in particular:

- verification of the existence and adequacy, within the Esselunga Group's organisational structure, of a function responsible for relations with subsidiaries and associated companies;
- examination of the Group's composition and shareholders, to assess the determination of the scope of consolidation and its change from the previous financial statements;
- obtaining information on the activities carried out by the subsidiaries and on intragroup transactions most significant in terms of financial and P&L impact.

Comments on the consolidated financial statements of the Esselunga Group.

- The consolidated financial statements of the Esselunga Group for the year ended 31 December 2023 reported a consolidated net profit of Euro 118,677,000; they

consist of the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the statement of changes in consolidated equity and the notes to the consolidated financial statements for the year ended 31 December 2023.

- The Board of Directors has also prepared the management report pursuant to Article 2428 of the Italian Civil Code, including the non-financial report prepared pursuant to Legislative Decree 254/2016; pursuant to Article 40, paragraph 2-bis of Legislative Decree 127/91, the Company has exercised the option to present a single document for the management report of the separate financial statements and that of the consolidated financial statements, including the consolidated non-financial report.

The sole shareholder expressly waived the deadline given in the first paragraph of Article 2429 of the Italian Civil Code for filing the Report of the Board of Statutory Auditors, as the shareholders' meeting called to vote on the financial statements was convened for 18 April 2024.

In compliance with legal obligations, the Board of Statutory Auditors makes the following remarks:

- On 16 April 2024, the Independent Auditors, which are responsible for the statutory audit, issued the report prepared pursuant to Legislative Decree 39 of 27/01/2010, which certifies that the consolidated financial statements of the Esselunga Group for the year ended 31 December 2023 provide a true and fair representation of the Company's financial position, economic result and cash flows for the year in accordance with the International Financial Reporting Standards endorsed by the European Union, as well as the provisions issued in implementation of art. 9 of Legislative Decree 38/05; the Independent Auditors' report also expresses an opinion on the consistency of the management report with the financial statements and its compliance with the law;
- on 16 April 2024, the Independent Auditors provided the Board of Statutory Auditors with the additional report required by Article 11 of EU Regulation 537/2014;
- the scope of consolidation, the consolidation criteria and methodologies, as well as the measurement criteria adopted by the Directors, which are described in the Notes

to the consolidated financial statements at 31 December 2023, are in accordance with the laws in force;

- the subsidiaries are consolidated using the line-by-line method; investments in associates are measured using the equity method;
- the Board of Statutory Auditors ascertained, through direct checks and information obtained from the heads of the various departments, the general compliance of the financial statements with the legal provisions in force as regards their formation and structure;
- the Board of Statutory Auditors was able to ascertain that the financial statements generally conform to the information gathered, the documents examined and the facts that came to its attention during the periodic audits and the interviews carried out;
- the Board of Statutory Auditors acknowledges that the Management Report, including the Non-Financial Report, prepared by the Directors provides a true, fair and comprehensive analysis of the Company's affairs under all respects.
- Regarding the Consolidated Non-Financial Statement, the Board of Auditors confirms that it has monitored compliance with the relevant legal provisions and the adequacy of the organisational, administrative and reporting and control system established by the Company to enable the correct and complete representation in the Consolidated Non-Financial Statement of the disclosures required by the specific regulations.

Milan, 16 April 2024

The Board of Statutory Auditors

Enzo Moggio

Marco Sabella

Stefano Angheben

Independent Auditors' Report



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholder of Esselunga SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Esselunga Group (the Group), which comprise the consolidated statement of financial position as of 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity, the consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of 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 this report. We are independent of Esselunga SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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.

PricewaterhouseCoopers SpA

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Key Audit Matters

Auditing procedures performed in response to key audit matters

Commercial arrangements with suppliers

Note 13.2 Costs for goods and raw materials

The Group signs commercial agreements with suppliers that include discounts and contributions for promotional activities.

In accordance with International Financial Reporting Standards (IFRS), such contributions and discounts are recognized as a reduction in the purchase cost of goods under "Cost of goods and raw materials" when the conditions for accrual, defined in the commercial agreements signed with individual suppliers, are met.

The recognition varies according to the type of trade agreement:

- discounts are mainly determined as a percentage of the amount purchased from the supplier;
- promotional contributions may vary depending on the nature and timing of the promotional services. The recognition is based on a fixed or variable amount of the amount purchased from the supplier.

As part of the audit of the consolidated financial statements for the year ended 31 December 2023, the areas affected by the accounting of such contributions and discounts have been considered a key audit matter in the audit process, with reference to the accuracy and existence of the transactions, considering the significance on the Group's results and the number and complexity of the agreements signed with suppliers.

We have understood and evaluated the internal control process and we carried out procedures to verify the actual existence and effectiveness of the controls we considered relevant underlying the management of commercial arrangements.

In addition, audit procedures in response to the key audit matter included:

- performing analytical procedures to understand fluctuations in discounts and promotional contributions;
- for a sample of suppliers, obtaining and reviewing signed commercial agreements and conducting meetings with purchasing managers to obtain an appropriate understanding of contract terms;
- the verification of the accuracy of accrued discounts as well as promotional contribution amounts by recalculating the amounts and reviewing relevant supporting documentation;
- examination of the existence and accuracy of the accrual recorded by the Group by obtaining, for a sample of suppliers, debit notes issued and credit notes received subsequent to year-end.

Finally, we verified the appropriateness and completeness of the disclosures in the notes to the financial statements.

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, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is



necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Esselunga SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

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

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

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;



- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined 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 described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 26 September 2017, the shareholders of Esselunga SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2017 to 31 December 2025.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter c), of Legislative Decree No. 39/10

The directors of Esselunga SpA are responsible for preparing a report on operations of the Esselunga Group as of 31 December 2023, including its consistency with the relevant consolidated financial statements and their compliance with the law.



We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of the Esselunga Group as of 31 December 2023 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the consolidated financial statements of Esselunga Group as of 31 December 2023 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of Esselunga SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.
We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Milan, 16 April 2024

PricewaterhouseCoopers SpA

Signed by

Stefano Pavesi
(Partner)

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.

Corporate bodies and auditing firms

Giuliana Albera Caprotti	Honorary President ⁽¹⁾
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Board of Directors ⁽¹⁾

Marina Sylvia Caprotti	Executive Chairman
Vincenzo Mariconda	Vice Chairman
Gabriele Villa ⁽²⁾	General Manager and Director
Alessandra Cozzani	Director
Francesco Moncada	Director
Lorenzo Oliviero Piaget	Director
Francesco Paolo Tronca	Director
Stefano Tronconi	Director

Board of Statutory Auditors⁽³⁾

Enzo Moggio	Chairman
Stefano Angheben	Regular auditor
Marco Sabella	Regular auditor
Franco Chesani	Alternate auditor
Claudio Clementel	Alternate auditor

Independent auditors⁽⁴⁾

PricewaterhouseCoopers S.p.A.

Supervisory Body⁽⁵⁾

Augusta Iannini	Chairman
PierMario Barzaghi	Member
Alberto Gaudio	Member

⁽¹⁾ **Honorary Chairman and Board of Directors** appointed on 19 April 2023

⁽²⁾ **General Manager** appointed on 15 September 2021

⁽³⁾ **Board of Statutory Auditors** appointed on 19 April 2023

⁽⁴⁾ **Independent auditors** appointed on 26 September 2017 for the period 2017 - 2025

⁽⁵⁾ **Supervisory Body** appointed on 27 April 2022