ANNUAL REPORT 2024

Reading guide

The Annual Report 2024 provides a comprehensive view of the financial and non-financial performance of the illycaffè group (hereinafter also "the group" or "illycaffè") and consists of three sections.

MANAGEMENT REPORT

It illustrates the group's operating performance, supplementing the economic-financial and sustainability information referring to the year ended 31 December 2024, and includes all the information required by Art. 40 of Legislative Decree 127/1991 and Article 2428 of the Italian Civil Code.

The approach adopted in the preparation of the Management Report is based on an integrated reporting model, which illycaffè has been using on a voluntary basis since 2021 and which reflects the increasing integration between economic-financial performance and the social and environmental context in which the group operates.

With the aim of anticipating the regulatory requirements of the Corporate Sustainability Reporting Directive (CSRD), illycaffè has included information on governance, sustainability strategy and management of ESG impacts, risks and opportunities in the Management Report. This has been done to proactively respond to the provisions of the European Sustainability Reporting Standards (ESRS) developed by EFRAG (European Financial Reporting Advisory Group).

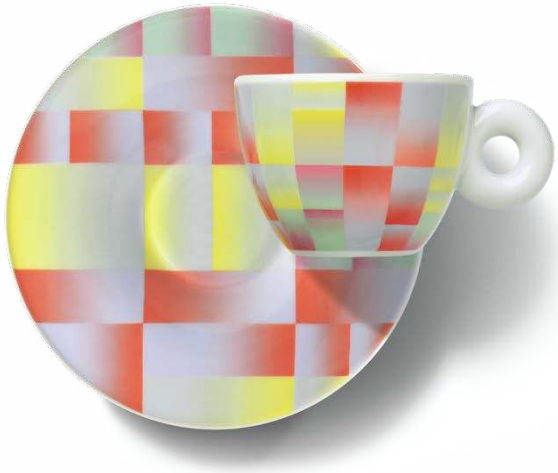
As of this year, the Management Report also includes, within the Sustainability statements, the annual reporting required by Law 208/2015 on Benefit Corporations (so-called Impact Report), regarding the pursuit of the common benefit purposes included in the Articles of Association.

CONSOLIDATED FINANCIAL STATEMENTS

It refers to the financial year ended at 31 December 2024 and is prepared in accordance with IFRS/IAS accounting standards. It includes information on the group's economic, equity and financial situation.

FINANCIAL STATEMENTS

It refers to the financial year ended at 31 December 2024 and is prepared in accordance with IFRS/IAS accounting standards. It includes information on the Parent Company's economic, equity and financial situation.



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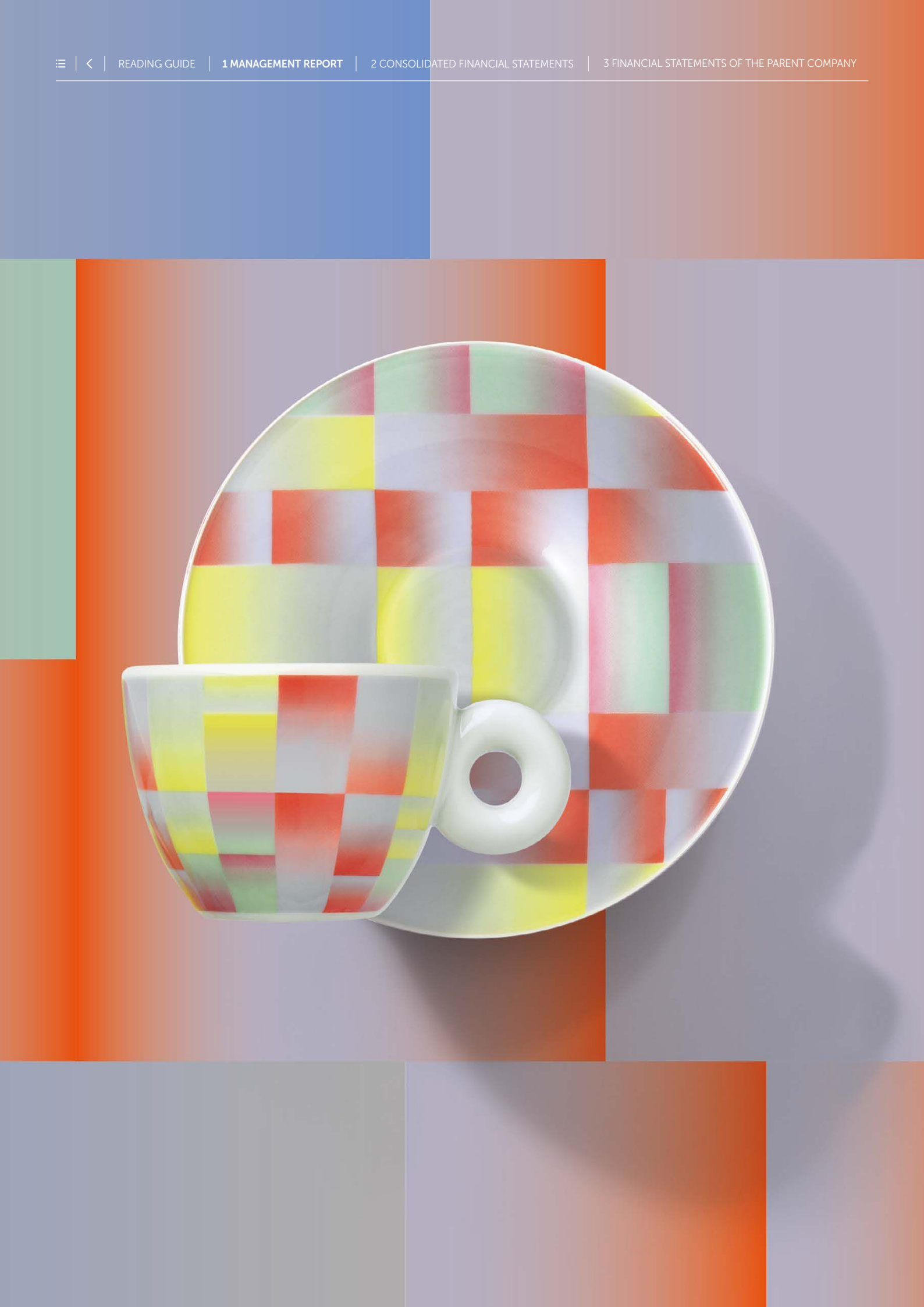

1 Management Report

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Highlights

Group's Performance Highlights

FINANCIAL HIGHLIGHTS

€630.1 million
REVENUES
+5.9% vs. 2023

€110.3 million
Adjusted EBITDA
+18.9% vs. 2023

17.5%
EBITDA MARGIN ADJUSTED
+1.9 p.p. vs. 2023

€33.6 million
NET PROFIT
+41.9% vs. 2023

€109.6 million
NET FINANCIAL POSITION
-10.3% vs. 2023

KEY FINANCIAL RATIOS

20.3%
ROI
+6.0 p.p. vs. 2023

18.2%
ROE
+3.8 p.p. vs. 2023

9.7%
ROS
+2.8 p.p. vs. 2023

1.0x
NFP/ADJUSTED EBITDA
-0.3 vs. 2023

0.6x
NFP/EQUITY
-0.2 vs. 2023

OPERATIONS

137
COUNTRIES SERVED

50% of revenues
ITALY AND NORTH AMERICA

3
STRATEGIC CLUSTERS IN EUROPE
- France, Benelux and the Netherlands
- Germany and Austria
- Spain and Portugal

157
FLAGSHIP STORES IN 30 COUNTRIES

ENVIRONMENT

96.4%
ELECTRICITY FROM RENEWABLE SOURCES
+1.3 p.p. vs. 2023

10.0 t CO_2eq/t
EMISSION INTENSITY
-4.0% vs. 2023

1.4 m^3/t
WATER INTENSITY
-15.6% vs. 2023

PEOPLE

1,235
EMPLOYEES WORLDWIDE
+4.0% vs. 2023

16,596
TRAINING HOURS
+14.9% vs. 2023

94.9%
GENDER PAY GAP
+0.8 p.p. vs. 2023

SUSTAINABLE QUALITY

503
HOURS OF TRAINING ALONG THE GREEN COFFEE SUPPLY CHAIN
+45.8% vs. 2023

1,695
UNIVERSITÀ DEL CAFFÈ TRAINING ACTIVITIES
+12.0% vs. 2023

3,595
STAKEHOLDERS INVOLVED ALONG THE GREEN COFFEE SUPPLY CHAIN
+50.9% vs. 2023

Main events of the year

CONTEMPORARY ART

Also in 2024, illycaffè continued to support the main contemporary art fairs worldwide, including the 60th Venice Biennale Arte, of which it is the main sponsor. On that occasion, the illy Art Collection was presented to the public, bearing the same name as the Exhibition: "Foreigners Everywhere." The iconic illy coffee cups were once again transformed into a blank canvas on which Guatemalan Paula Nicho Cumez, Peruvian Rember Yahuarcani López, Colombian Aycoobo and Brazilian collective Mahaku were able to express their creativity, firmly rooted in their traditions and cultures. The collection was subsequently presented at Frieze New York and Frieze Los Angeles.

During the **Biennale Arte**, the illy Art Conversations, the series of art dialogues created in collaboration with The Human Safety Net, were held, in which artists, curators and art historians debated issues related to the Biennale Arte 2024.

At **Frieze London**, where illycaffè is among the official partners, the illy Art Collection by Syrian Simone Fattal, Iranian Shirin Neshat, Italian Monica Bonvicini and Senegalese-born Milanese Binta Diaw was launched. The collection gives voice to the importance of human rights, narrating the stories of the four artists, who used the illy coffee cup to speak of the condition of women worldwide.

The collection was subsequently presented in Paris at **Art Basel Paris** and in Turin at **Artissima**.

The more than decade-old relationships that bind illycaffè to the main international contemporary

art fairs have also made it possible to support young emerging talents. Mónica Mays, represented by the Blue Velvet Gallery in Zurich, was the winner of the 17th **illy SustainArt Prize**, an award established by illycaffè in collaboration with ARCOmadrid. Angharad Williams, represented by the Fanta - MLN gallery in Milan, was, on the other hand, the winner of **illy Present Future**, the award created in collaboration with Artissima, which has been awarding prizes to emerging international artists for 24 years.

illy Art Collection

PROJECT

Launched in 1992, the illy Art Collection project allowed illycaffè to transform an everyday object (the coffee cup designed by Matteo Thun) into a blank canvas on which contemporary artists were invited to express their creativity. Over the years, this canvas has hosted the works of over 125 internationally renowned artists, including Michelangelo Pistoletto, Marina Abramović, Anish Kapoor, William Kentridge, Robert Wilson and Ai Weiwei.

In 2024 illycaffè was once again a protagonist of **Milan Design Week** with events and partnerships inside and outside the Salone del Mobile, alongside some of the best-known and most sophisticated brands such as Dedon, Lissoni & Partners, Kartell, Molteni, Moroso, Interni, Phaidon, as well as Poltrona Frau, UniFor, Valcucine, Cappellini, We Are Ona and Il Giardino delle Idee, the first exhibition-workshop on new responsible creativity by Vanity Fair. In the Fiera Milano Rho exhibition area, illy, as a coffee partner, accompanied the various meetings, networking events and coffee breaks in the Red Lounge at the International Business Lounge and at the Press Café. Milan Design Week was also an opportunity to add a new piece to the collaboration with Kartell, which has in recent years seen two Italian examples of excellence united to strengthen a circular economy model. The illy flagship store in Via Monte Napoleone was transformed thanks to an unprecedented installation dedicated to the launch of the AI Console, the result of Philippe Starck's creativity through the use of artificial intelligence and implemented through the recycling process of illy Iperespresso capsules.

2024 saw the continuation of the creative project linked to the **Ernesto Illy International Coffee Award**, the result of the work of nine international illustrators, called upon to create a manifesto to assign an artistic and visual identity to each of the prize's nine finalist countries. The initiative aims to narrate the heritage of values behind the world of coffee production and its countries.

During the 56th edition of the **Barcolana**, the world's largest sailing regatta held annually in the Gulf of Trieste, illycaffè chose to collaborate with designer Stefan Sagmeister to create the poster, inspired by the 2024 edition "Positive Energies" concept.

SUSTAINABLE SUPPLY CHAIN

During the 33rd edition of the **Prêmio Ernesto Illy de Qualidade Sustentável do Café para Espresso**, the annual award established by illycaffè for the best crop of sustainably grown coffee, the names of the farmers who produced the best quality Arabica in Brazil and gained access to the 9th edition of the Ernesto Illy International Coffee Award were announced.

For the second year in a row, it was Brazil that won the **Ernesto Illy International Coffee Award**, an award that for nine years has been celebrating the daily work of illycaffè alongside producers. Matheus Lopes Sanglard's Fazenda Serra do Boné won the Best of the Best award. The award was adjudicated by an independent international jury of nine experts, which chose the best from the nine single-origin winners that constitute the illy blend: Brazil, Costa Rica, El Salvador, Ethiopia, Guatemala, Honduras, India, Nicaragua and Rwanda. SMS Cluster ECOM from Nicaragua, on the other hand, won the Coffee Lovers' Choice award, voted by consumers who blind-tasted the same samples in illy stores around the world in the weeks leading up to the event.

The Ernesto Illy International Coffee Award is also an important meeting point for representatives of the entire coffee supply chain, including producers,

exporters, traders and institutions, who, at the United Nations headquarters in New York, participated in the panel discussion "Global Coffee Alliance: mobilizing a public-private fund to combat climate change".

In Trieste, illycaffè and the Ernesto Illy Foundation opened the proceedings of the **G7 Education Ministerial Meeting**, organising the event "The role of education and vocational training: the case study of the coffee supply chain in fostering sustainable development". The value of education as a tool to combat climate change and poverty was the topic of the meeting attended by, in addition to Chairman Andrea Illy, Giuseppe Valditara (Minister of Education and Merit), Gerardo Patacconi (Head of Operations of the International Coffee Organization), Tidiane Ouattara (African Union Representative), Andrea De Marco (Industrial Development Expert & Project Manager of UNIDO), Stefania Giannini (UNESCO Deputy Director General for Education), Laura Frigenti (CEO of the Global Partnership for Education) and Fernanda Maria Roche Soares dos Santos (Consul of the Embassy of Brazil).

CULINARY ARTS

In 2024, illycaffè continued to support important projects in the world of the culinary arts.

illycaffè was an official partner of the **Jeunes Restaurateurs Congress (JRE)**, which celebrated the 50th anniversary of the international association in Paris. The event brought together more than 500 participants, including 400 JRE chefs and sommeliers with more than 180 Michelin Stars representing 16 countries, to celebrate 50 years of culinary art innovation and tradition. Chairman Andrea Illy took part in the panel "Sustainable Business Model for the Future," moderated by JRE International President Daniel Lehman.

Also in 2024, illycaffè was a partner of **The World's 50 Best Restaurants**, the ranking of the 50 best restaurants in the world, which culminates with one of the most influential culinary events of the catering world. The ranking is the result of the votes of the World's 50 Best Restaurants Academy, consisting of more than 1,000 experts from all over the world. Two Illy Chef Ambassadors were reconfirmed in the rankings: in 19th place, Niko Romito, who with his Reale in Castel di Sangro once again demonstrated culinary mastery and commitment to excellence, and, in 50th place, Mauro Uliassi with his restaurant of the same name in Senigallia, known for his creativity and ability to transform high-quality ingredients into surprising dishes.

The illy brand once again took centre stage at **Taste of London**, bringing the excellence of Italian espresso to the heart of London's culinary scene. With an elegant dedicated stand, illycaffè offered tastings of its 100% Arabica blend, master classes and exclusive pairings with desserts created by Michelin star chefs. The event was a unique opportunity for coffee lovers to discover the art and culture of illy espresso in a context of innovation and haute cuisine.

illy Chef Ambassador

PROJECT

The illy Chef Ambassador project is an initiative launched by illycaffè in 2017, combining the world of quality coffee and haute cuisine. The programme involves internationally renowned chefs, giving them the opportunity to create a custom blend that reflects their culinary style and sensory preferences, resulting in unique experiences for coffee and fine dining lovers.

In the prestigious setting of the Wynn in Las Vegas, illycaffè announced the addition of **Jessica Rosval** to the illy Chef Ambassador project. A Canadian-born naturalised Italian citizen, Rosval is a talented young chef who, after several years in the team of Osteria Francescana, is now running the kitchen of Casa Maria Luigia, a luxury guest house created by chef Massimo Bottura and his wife Lara Gilmore in the Emilian countryside, and of Al Gatto Verde, located inside the courtyard of Acetaia Maria Luigia, where she offers contemporary cuisine. In November 2024, Rosval was awarded a Michelin Star and a Michelin Green Star, a new award dedicated to restaurants particularly committed to sustainable cuisine.

In September, the 25th edition of **Gambero Rosso's Italy Bar Guide**, produced in collaboration with illy, was presented in Milan: a historic partnership that has lasted more than 20 years. Receiving the illy Bar of the Year Award, the coveted recognition for establishment that stands out for the special attention paid to the issue of sustainability, was the Gustificio di Carmignano di Brenta, already an illy customer.

Also in September, illy announced the addition of **Gianluca Fusto** as the first pastry chef in the illy Chef Ambassador project. A world-renowned pastry chef and chocolatier, Fusto is known for his numerous international awards and for founding the research, experimentation and training location FUSTO Milano in 2020, together with his wife Linda Massignan. The author of five international best-selling pastry books, he describes himself as a true alchemist of taste, and his experience and knowledge of chocolate make him a unique figure in the world of high-quality pastry.

Group Profile

Mission, vision and values

SINCE 1933, THE DREAM OF OFFERING THE BEST COFFEE TO THE WORLD

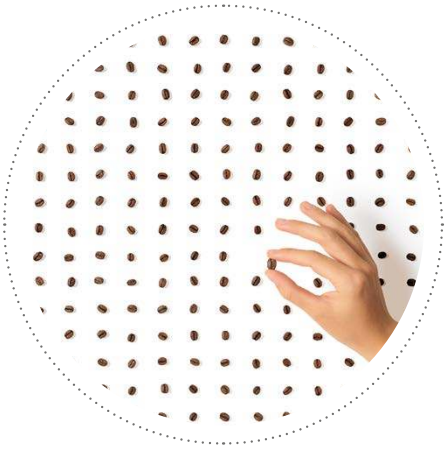
illycaffè was founded in 1933 by Francesco Illy, inspired by a dream: to offer the best coffee to the world.

In the late 1940s, his son Ernesto, a chemistry graduate, took over, who gave a marked impetus to illycaffè's scientific and technological research, creating the company's first chemistry lab.

The 1990s saw a generational change, first with Riccardo and then with Andrea, CEO since 1994 and group Chairman in office since 2005.

To date, illycaffè is a family-controlled and management-led company. Since 1 January 2022, Chief Executive Officer is Cristina Scocchia.

In 2021, the private equity fund Rhône Capital acquired a minority interest in illycaffè's share capital, to work alongside the company on its international growth path.



illy is a global brand in the super-premium coffee segment, recognised for the excellent quality of its blend, enjoyed every day in homes, bars, restaurants, hotels, offices and single-brand cafes in the 137 countries where the group is present through direct branches and a network of distributors.

illy coffee is characterised by a unique 100% Arabica blend, which comes from the selection of 1% of beans with zero defects.

Mission

Delight lovers of beauty and goodness in the world, with the best coffee nature can offer, enhanced by technology and the beauty of the arts.

Vision

We strive to be the world reference for coffee culture and excellence. An innovative company, leader of the high-end segment, offering unique experiences.

Values

Ethics, intended as long-term value creation, through sustainability, transparency and people development.

Excellence, intended as love for beauty, goodness and the well-made.

History

BIRTH OF ILLYCAFFÈ

Francesco Illy, born in Hungary, moves from Vienna to Trieste, the city of coffee, at the end of the First World War. In 1933 he founds illycaffè based on a dream: to offer the best coffee in the world.

ILLETTA: THE FIRST HIGH-PRESSURE ESPRESSO MACHINE

Illetta is born, the progenitor of modern espresso machines, thanks to the patented system of separating heating and water pressure.

THE FIRST SINGLE-PORTION SYSTEM ON THE MARKET

illycaffè was the first to industrialise pods: single-serving portions of ground and pressed coffee, which make it possible to obtain a perfect espresso in every location where coffee is consumed. A radical innovation in the history of coffee, which will pave the way for the company's international expansion.

1933 | 1934 | 1935 | 1957 | 1974 | 1980

PRESSURISATION

illycaffè obtains a patent for its revolutionary pressurisation system, still used today for the packaging of products: coffee can thus travel around the world enhancing its aromas, thanks to ageing, and preserving its freshness.

QUALITY AT HOME

With its new production department, the tin for home consumption is born: round, small, even for ground coffee.

ILLYCAFFÈ IN THE UNITED STATES

illycaffè lands in the United States, the first Italian coffee to export espresso culture overseas.

QUALITY IN EVERY SINGLE BEAN

illycaffè patents the digital coffee sorting machine that analyses the colour and shape of the beans to ensure their perfection.

ILLY ART COLLECTION

The illy Art Collection project is launched, through which the company transforms an everyday object such as an espresso cup into a blank canvas, inviting contemporary artists to use it to express their creativity. The iconic espresso cup designed by Matteo Thun for illy has been joined over the years by the works of Masters and new talents, becoming the largest collection of common art objects in the world.

JAMES ROSENQUIST AND THE NEW LOGO

The art and science of espresso: the legendary American pop artist James Rosenquist creates the new illy logo.

1982 | 1991 | 1992 | 1995 | 1996 | 1999

AWARD FOR COFFEE QUALITY

First edition of the Prêmio Ernesto Illy de Qualidade Sustentável do Café para Espresso in Brazil, established by illycaffè as an integral part of the plan for development of the sustainable quality of coffee in the country.

X1, DESIGN AND TECHNOLOGY FOR ESPRESSOS

Sixty years after Illetta, the X1 machine is launched for making espressos at home, still a style icon today.

UNIVERSITÀ DEL CAFFÈ

The Università del Caffè is founded, a hub of excellence created to spread the culture of quality coffee throughout the world through training, research and innovation activities.

History

COLLABORATION WITH SEBASTIÃO SALGADO

The famous photographer Sebastião Salgado travels to coffee paradises to pay tribute to those who cultivate it. The project lasts 14 years and touches 10 countries, culminating in the exhibition Aroma of a Dream

IPERESPRESSO, THE NEXT GENERATION ESPRESSO

Thanks to the two phases of infusion and emulsion, the Iperespresso system – covered by five international patents – produces a coffee with an intense aroma and a velvety consistency.

RESPONSIBLE SUPPLY CHAIN PROCESS

The Chairman Andrea Illy launches the idea of certifying sustainability. Issued by DNV-GL, this certification attests to a company's creation of social, environmental and economic value for all stakeholders in the supply chain.

ERNESTO ILLY INTERNATIONAL COFFEE AWARD

Since 2016, the Prêmio Ernesto Illy de Qualidade Sustentável do Café para Espresso has gone global with the Ernesto Illy International Coffee Award, which pays tribute to the talent and commitment of farmers around the world in the production of sustainable coffee.

2002 | 2003 | 2006 | 2008 | 2011 | 2015 | 2016

FLAGSHIP STORES

illycaffè launches espressamente illy, the authentic Italian coffee shop project which was transformed in 2015 into illy Caffè venues.

MITACA

Mitaca, a company specialising in portioned office systems, is acquired.

EXPO MILAN

The biggest celebration of coffee in history: illy becomes an official partner of EXPO Milan 2015 and ICO (International Coffee Organization), coordinates an extraordinary program of events and curates the Coffee Cluster, the coffee pavilion visited by over 13 million people.

Official Coffee Partner

MILANO 2015

FEEDING THE PLANET
ENERGY FOR LIFE

BENEFIT CORPORATION

illycaffè S.p.A. becomes a Benefit Corporation and amends its articles of association accordingly.

SUSTAINABLE PROCUREMENT PROCESS

illycaffè evolves its procurement process using the Sustainable Procurement Process protocol, one of the most comprehensive sustainability standards in the coffee procurement process.

COMPATIBLE ALUMINIUM CAPSULES

Thanks to a partnership with JDE (Jacobs Douwe Egberts), Nespresso®-compatible illy branded aluminium capsules are marketed.

Certified B Corporation

B CORP® CERTIFICATION

illycaffè becomes the first Italian coffee company to obtain the B Corp® certification, granted to companies that operate according to rigorous standards of social and environmental performance. The certification, which is valid for three years, was reconfirmed in 2024.

FIRST COFFEE 100% FROM REGENERATIVE AGRICULTURE CERTIFIED

Arabica Selection Brazil Cerrado Mineiro is the first coffee grown through regenagri®-certified regenerative agriculture practices. The launch is the result of the direct and lasting relationships illycaffè has built over time with the producers it sources from in Brazil's Cerrado Mineiro region.

2017

CREATION OF THE SUSTAINABILITY COMMITTEE

illycaffè's commitment in the environmental sustainability, social and governance sphere is realised through the creation of a Sustainability Committee with the function of making proposals and advising the Board of Directors.

2019

2020

OPENING UP THE SHARE CAPITAL

Rhône Capital, a global private equity firm, enters the capital of illycaffè acquiring a 20% interest to contribute to its international growth plans.

2021

2022

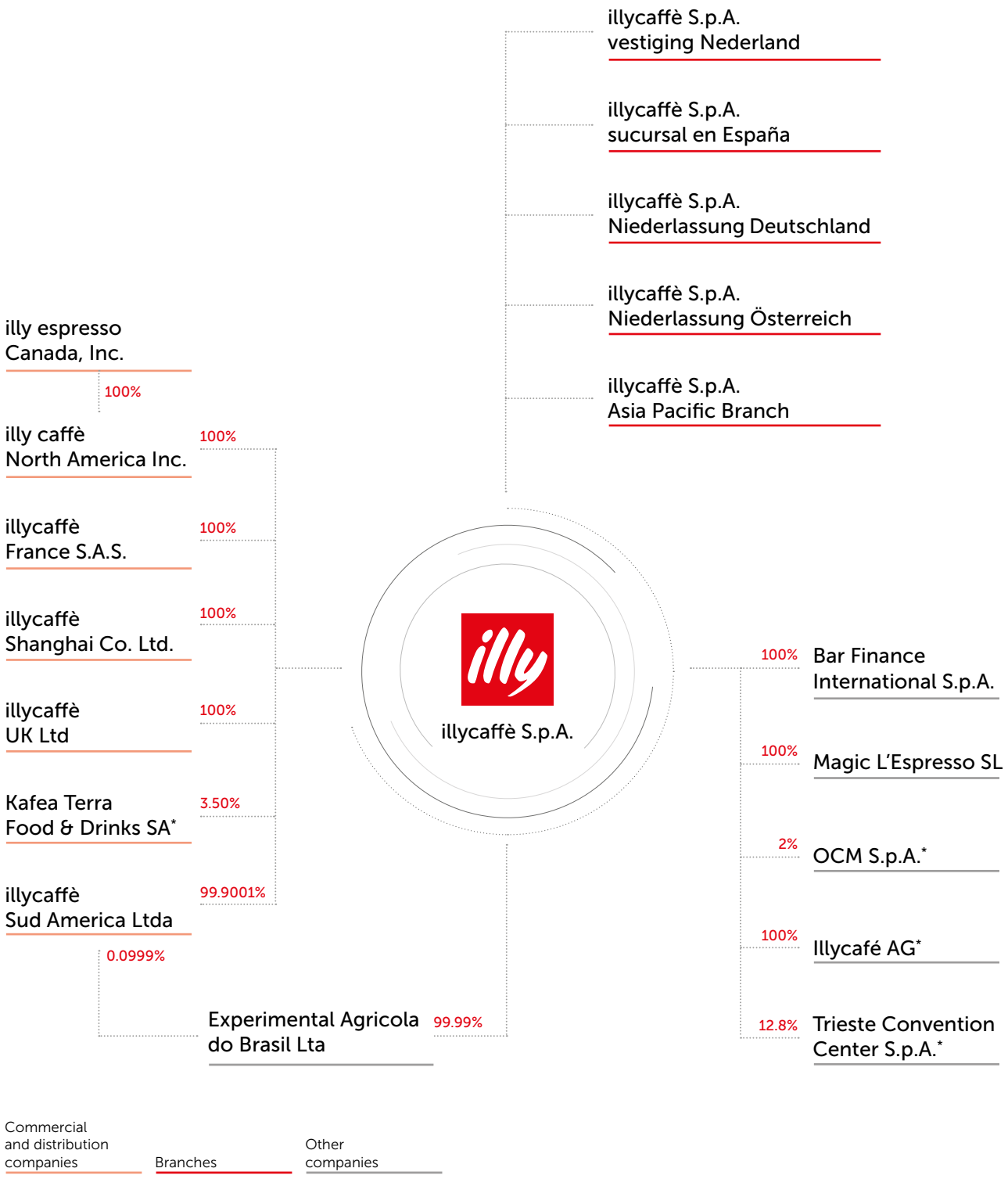
RESTYLING OF THE MONTE NAPOLEONE FLAGSHIP STORE

Thanks to the collaboration with the Antonio Citterio Patricia Viel studio, excellence in Italian architecture and design, the Via Monte Napoleone store in Milan is renovated to provide an all-round illy universe experience, based on quality, sustainability, art and design.

2023

Group structure

| GRI 2-1 | GRI 2-2 |



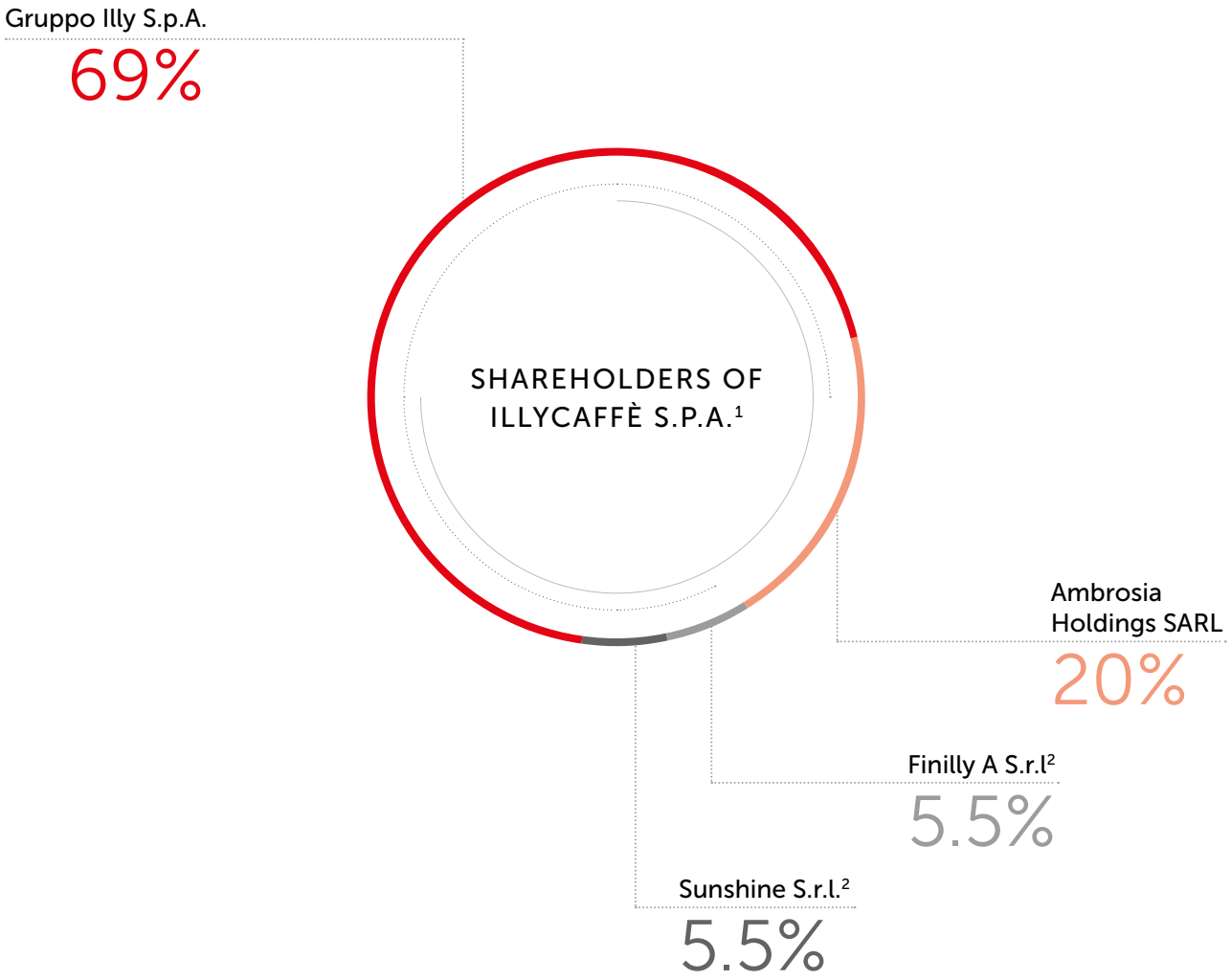
[1] Companies not falling within the scope of line-by-line consolidation of illycaffè S.p.A.

SHAREHOLDERS

The share capital of illycaffè S.p.A. (hereinafter also "the Parent Company") is 69% owned by Gruppo Illy S.p.A., 20% by Rhône Capital through Ambrosia Holdings SARL, 5.5% by Finilly A S.r.l. and 5.5% by Sunshine S.r.l.

The companies Finilly A S.r.l. and Sunshine S.r.l. are wholly owned by Andrea Illy and Anna Illy, respectively.

Pursuant to and by effect of Article 2497 et seq. of the Italian Civil Code, illycaffè S.p.A. is not subject to management and coordination.



[1] The subscribed and paid-up share capital is equal to €50,000,000.00 and is divided into 4,500,000 class shares, with no expressed nominal value, broken down as follows: Gruppo Illy S.p.A., with registered office in Rome in via Della Mercede 11, holder of 3,105,000 class A shares, with no expressed nominal value; Ambrosia Holdings SARL, with registered office in Luxembourg in rue Edward Steichen 14, holder of 900,000 class B shares, with no expressed nominal value; Finilly A S.r.l., with registered office in Milan, in piazza Cavour 3, holder of 247,500 class A shares, with no express nominal value; Sunshine S.r.l., with registered office in Trieste, in via di Tor Bandena 3, holder of 247,500 class A shares, with no express nominal value.

[2] Anna Rossi Illy holds the usufruct of 49.22% of the shares of Finilly A S.r.l. and Sunshine S.r.l

GROUP COMPANIES

At 31 December 2024, the group comprised the companies listed below.

illycaffè S.p.A.

The Parent Company, which owns the "illycaffè" and "illy" brands, is engaged in the production and distribution of products under the illy brand.

Commercial and distribution companies

illy caffè North America, Inc.

A subsidiary of the Parent Company, engaged in product distribution activities in the US, Canada (through its own subsidiary in the case of the latter) and in Mexico. The company is also engaged in the development and management of direct and franchised single-brand stores in the American and Canadian markets.

illy espresso Canada, Inc.

A subsidiary of illy caffè North America, Inc., engaged in product distribution activities in Canada.

illy caffè France S.A.S.

A subsidiary of the Parent Company, engaged in distribution activities in France, Belgium and Luxembourg. The company is also engaged in the development and management of direct and franchised single-brand stores.

illycaffè Shanghai Co. Ltd

A subsidiary of the Parent Company, engaged in product distribution activities in China.

illycaffè UK Ltd

A company that carries out distribution activities in the United Kingdom. The company is also engaged in the development and management of direct and franchised single-brand stores.

illycaffè Sud America Comércio Importaçao e Exportaçao Ltda

A subsidiary of the Parent Company, engaged in product distribution activities in Brazil.

Branches

The Parent Company operates not only through the structure active in Italy, but also through five branches in the markets of Spain, Germany, Austria, the Netherlands and Hong Kong.

illycaffè S.p.A. sucursal en España

Branch active in distribution in Spain and Portugal.

illycaffè S.p.A. Niederlassung Deutschland

Branch active in distribution in Germany.

illycaffè S.p.A. Niederlassung Österreich

Branch active in distribution in Austria.

illycaffè S.p.A. Vestiging Nederland

Branch active in distribution in the Netherlands and in Iceland, Aruba, Curaçao and Bonaire.

illycaffè S.p.A. Asia Pacific Branch

Branch which supports the development of the illy brand in the Asian area.

Other companies

Bar Finance International S.p.A.

Company controlled by the Parent Company, engaged in the disbursement of loans to companies belonging to the same production or distribution chain as the Parent Company.

Magic L'Espresso S.L.

A subsidiary of the Parent Company headquartered in Spain (Els Hostalets, Barcelona) engaged in producing coffee machines.

Experimental Agricola do Brasil Ltda

A subsidiary of the Parent Company engaged in selecting, analysing and purchasing green coffee in the Brazilian market.

illy

Group economic-financial performance

ECONOMIC AND FINANCIAL HIGHLIGHTS
Millions of euros

Macroeconomic context

In 2024, the **global economy** showed remarkable resilience. International Monetary Fund (IMF) projections indicate a stabilisation of the global GDP growth rate at 3.2%, accompanied by a decline in inflation to 5.9%.

The **United States** economy recorded solid growth of 2.8%, driven mainly by an acceleration in private consumption from 3.0% in 2023 to 3.2% in 2024. Lower inflation, together with significant wage increases, offset weak investment and declining net exports. During the year, the Federal Reserve, continued the process of easing monetary policy, reducing interest rates to the current range between 4.25% and 4.50%.

In the U.S. presidential election of 5 November 2024, Donald Trump, the candidate of the Republican Party and former president from 2017 to 2021, was elected the 47th president, succeeding Democrat Joe Biden.

According to data published by the Statistical Office of the European Union (EUROSTAT), the **Eurozone's** overall GDP increased by 0.7% in 2024. However, in the fourth quarter, the European economy suffered a setback with Germany and France, the bloc's two largest economies, recording higher-than-expected decreases. In particular, the German economy decreased by 0.2%, while French GDP was down by 0.1%. In contrast, Spain stood out as the continent's most dynamic economy, recording 3.5% GDP growth.

Again according to EUROSTAT, inflation in the euro area increased by 2.4% year-on-year, down from the 2.9% recorded in 2023. As for the labour market, the Eurozone's unemployment rate stabilised at 6.3% in December.

According to data from the National Institute of Statistics (ISTAT), the **Italian economy** ended 2024 with modest growth of 0.5%, driven solely by net foreign demand, which contributed a positive 0.7 percentage points. In December 2024, the consumer price index recorded a limited annual increase of 1.3%, marking a decline from the high levels observed in the previous two years. This decrease was mainly attributable to lower energy costs. Employment data remained stable with an employment rate of 62.3% in December and an unemployment rate of 6.2%.

According to data of the International Monetary Fund, **emerging markets** went through a volatile but generally positive year, recording 4.2% growth. The year began on an optimistic note, thanks to China's economic recovery, supported by interest rate reductions and government interventions aimed at stabilising the slumping real estate sector. In India, political stability provided by Prime Minister Modi's government helped boost investor confidence. Brazil, on the other hand, underperformed as growing concerns about economic growth, fiscal policies and rising inflation led to a reversal of the interest rate easing policy.

During 2024, numerous currencies experienced significant decreases, reaching unexpected lows due to the strengthening of the U.S. dollar. Among them, the euro almost reached parity with the dollar. The resilience of the U.S. economy in the presence of global uncertainty, coupled with a relatively stable inflationary environment, contributed to the strength of the U.S. currency. The Brazilian Real reached historic lows against the US dollar in 2024.

On the European front, the European Central Bank (ECB) adopted a policy of monetary easing. On 12 June, the institute reduced the cost of money by 25 basis points, subsequently proceeding with three more reductions during the year. At the end of 2024, the interest rates of the main refinancing operations, the marginal lending facility and the deposit facility at the ECB stood at 3.15%, 3.40% and 3.00% respectively.

In its December meeting, the ECB Management Board confirmed that inflation was set to stabilise around the 2% target in the medium term. During 2024, the Euribor remained positive for all maturities. At the end of the year, the 1 -month, 3 -month and 6 -month rates reached 2.91%, 2.71% and 2.60%, respectively.

Economic and financial results

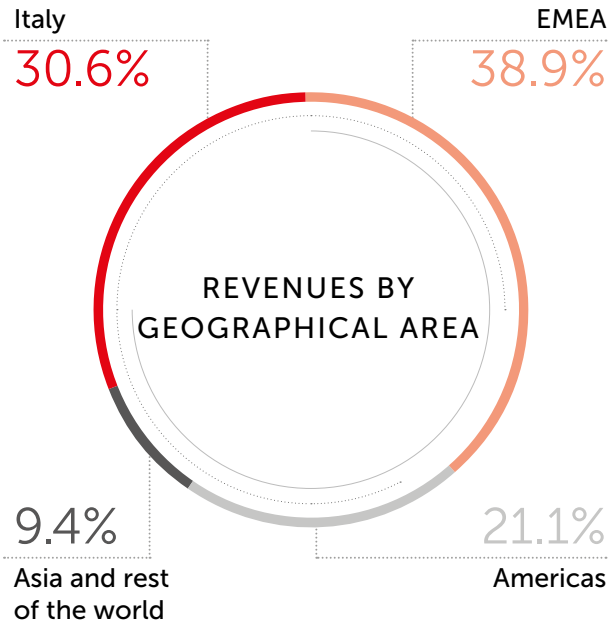
MAIN ECONOMIC AND FINANCIAL INDICATORS (in € million)

	2024	2023	%
Net revenues	630.1	595.1	+5.9%
Adjusted EBITDA	110.3	92.8	+18.9%
Adjusted EBITDA pre IFRS 16*	102.6	83.9	+22.3%
EBITDA	105.9	88.8	+19.3%
EBIT	61.1	40.8	+49.7%
Net profit	33.6	23.7	+41.9%
Net Financial Position	(109.6)	(122.2)	-10.3%
Net Financial Position pre IFRS 16*	(88.5)	(99.3)	-10.9%

(*) The effects deriving from the application of IFRS 16 limited to operating leases.

In 2024, the group's **revenues** amounted to €630.1 million, recording an increase of 5.9% compared to the previous year. The organic growth achieved in 2024 was mainly driven by an increase in volumes in the primary markets in which the group is present.

Italy and the United States confirmed themselves as the two main strategic markets, representing a total of 49% of the group's revenues. 38.9% of revenues were generated by European markets, in particular by the French cluster (France, Belgium, the Netherlands and Luxembourg), the United Kingdom, Spain, Greece and the German cluster (Germany and Austria). Asia and rest of world (including China) accounted for 9.4% of revenues.



The **Gross Industrial Margin** amounted to €361.7 million, an increase of 10.6% in absolute value compared to 2023. This increase was mainly driven by organic volume growth and supported by the revenue mix.

The cost of **green coffee** has increased dramatically over the last three years (the average price on the NY Stock Exchange rose 39% compared to 2021), mainly due to extreme weather events (such as El Niño and La Niña with alternating droughts and frosts) and speculative pressures.

In particular, in 2024 the average price of green coffee was 235 cts/lb, up +36.5% compared to 2023, with a consequent double-digit increase in the purchase costs of the raw material for the group. The increase in the cost of goods sold was mitigated by a phasing effect linked to the temporary easing of pressure on green coffee prices in the last quarter of 2023, which allowed the value of starting stocks to be lowered in 2024. During the year, efficiencies were also achieved related to the other components of the cost of sales, in particular the materials used for packaging and energy costs, and to the optimisation of the product portfolio.

Therefore, the industrial margins stood at 57.4% of net revenues, up by 2.5 p.p. compared to 2023.

Personnel costs increased by 5.5% compared to 2023, mainly driven by contractual and merit-based salary increases, based on talent assessment, and an increase in personnel (number of employees increased by +4.0%) to support growth. The incidence of personnel costs on net revenues was 17.3%, in line with the previous year.

Costs for goods and services increased by 5.8% compared to 2023, maintaining an incidence on net revenues equal to 16.1%, in line with the previous year, and consistently with the optimisations of the operating structures implemented during the three-year period 2022-2024 in all the main strategic markets.

Advertising and marketing costs increased significantly (+23.0%) compared to 2023, driven by the launch of the new "Quality loves details" global communication campaign, broadcast on TV and published on the main digital and print channels in Italy, United States, Spain and United Kingdom. Among the various marketing and communication initiatives that took place during 2024, illycaffè created two important campaigns: "illy Beyond Venice" on the occasion of the Venice Art Biennale and "Mind the coffee cup – The future of coffee analysed in depth," an edutainment project built around the hero

product Arabica Selection Brasile Cerrado Mineiro, coffee produced 100% through regenerative agriculture and certified by regenagri®.

The incidence of advertising and marketing costs on net revenues was 5.6%, down 0.8 p.p. compared to 2023

The **EBITDA** amounted to €105.9 million, up 19.3% compared to the previous year, mainly due to the increased Gross Industrial Margin driven by organic growth and higher volumes. The EBITDA margin stood at 16.8% of revenues, up by 1.9 p.p. compared to 2023.

Adjusted EBITDA stood at €110.3 million, up 18.9% compared to the previous year, and Adjusted EBITDA Margin was 17.5%, up 1.9 p.p. compared to 2023.

In 2024, **non-recurring net charges** amounted to €4.4 million, up 9.2% compared to the previous year and in line with 2023 in terms of impact on revenues, and mainly referred to charges for early retirement incentives (€1.8 million), consultancy related to extraordinary projects (€1.2 million) and charges for tax risks and risks inherent to the sales network of a non-recurring nature (€1.4 million).

Standing at €61.1 million, the **Net Operating Margin (EBIT)** also showed a significant increase of 49.7% compared to the previous year, due to the increase in EBITDA and the lower impact on net revenues of amortisation, including amortisation relating to rights of use, resulting from the application of IFRS 16 to operating leases.

The **financial expenses** recorded and increase of 9.4% compared to 2023, mainly due to the growth of the 3-month Euribor (3.572% compared to 3.433% in 2023), of the negative impact of the currency component and the increase in the average spread, following the repayment of loans with more advantageous debt costs than the current market conditions.

Taxation for the period accounted for 30.3% of the pre-tax result, up 0.9 p.p. compared to the previous year. The tax trend was driven by the strong increase in Pre-tax Profit (+43.8% compared to 2023), partially mitigated by non-recurring items such as the Mutual Agreement Procedure (MAP) refund application, submitted during 2024.

Group **Net Profit** amounted to €33.6 million, up 41.9% compared to 2023, consistent with the positive trend in EBIT. Net profit was equal to 5.3% of revenues, up 1.3 pps compared to 2023.

The **Net Financial Position** amounted to €109.6 million, up 10.3% compared to the previous financial year.

Cash generation for the year was supported by the positive evolution of operating profitability (EBIT) and effective working capital management, freeing up resources for the financing of strategic business investments (e.g. investments to support the increase in production capacity, sustainable innovation, coffee machines for Ho.Re.Ca. customers and digital transformation).

The Net Financial Position breakdown showed an increase in non-current financial debt (+€79.5 million), offset by an increase in current financial debt (-€68.4 million). This trend is attributable to the **pool financing** operation signed at the end of April 2024 with a maturity date set for 2027, with a view to simplification and greater flexibility. The loan, for a total of €124 million, is configured as a "Sustainability Linked Loan," with the provision of a reward mechanism linked to the achievement of certain ESG objectives, focused on the reduction of greenhouse gas emissions along the entire value chain and a further reduction of the gender pay gap.

Excluding the impact deriving from the application of IFRS 16, the Net Financial Position comes to €88.5 million at 31 December 2024, down compared to €99.3 million in the previous year.

All profitability indicators (**ROI, ROE, ROS**) were up compared to the previous year, mainly as a result of the positive performance of key operating results (EBIT, Net Profit and Revenues).

The **NFP/Adjusted EBITDA** indicator of 1.0 shows a decrease compared to the previous year (1.3), driven by the reduction in the Net Financial Position and by the increase in the Adjusted EBITDA.

PROFITABILITY AND EQUITY INDICATORS

	2024	2023	%
ROI	20.3%	14.3%	8.9%
ROE	18.2%	14.4%	9.5%
ROS	9.7%	6.9%	4.6%
NFP/Adjusted EBITDA	1.0	1.3	2.0
NFP/EBITDA	1.0	1.4	2.2
NFP/Equity	0.6	0.7	1.0

Green coffee performance

In 2024 as well, the trend in the green coffee price further increased and was characterised by high volatility.

In terms of volumes, for the **2023/2024 campaign**, USDA (United States Department of Agriculture) estimated global production of 168.0 million bags, up 2.1% compared to the previous year. For the **2024/2025 campaign**, a total production volume of 174.9 million bags was forecast (+4.1% compared to the previous campaign), driven by a significant increase in Robusta production, in particular in Vietnam and Indonesia, as well as an increase in Arabica production in Colombia. In Brazil, on the other hand, drought and prolonged periods of high temperatures led to a reduction in expected production, keeping it in line with the volumes recorded in the previous year.

In 2024, the value of **Arabica coffee futures** recorded a constant increase, reaching a record high of **348.4 cts/lb**. The bullish trend was supported by the possible repercussions of climatic phenomena on production. In particular, in Vietnam, severe drought caused by the El Niño phenomenon necessitated a downward revision of the forecast for the 2024/2025 harvest. At the same time, the Brazilian winter was marked by one of the most severe droughts in history, accompanied by exceptionally high temperatures, raising further concerns in the markets.

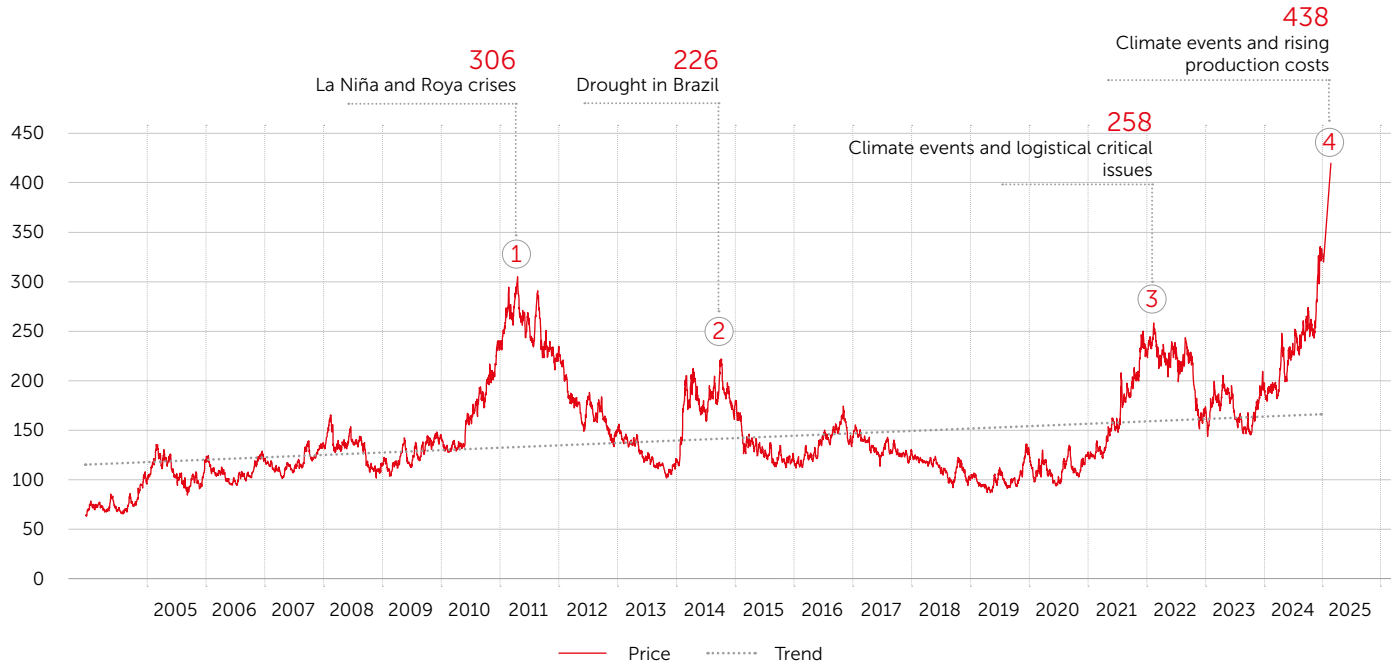
This was compounded by the repercussions of the geopolitical situation in Ukraine and the logistics challenges linked to the conflict in the Middle East. These dynamics have supported the increase in the price of green coffee, intensifying speculative pressure.

An additional element of instability resulted from the European Deforestation-free Products Regulation (EUDR), which generated a climate of uncertainty for the entire year. Initially, difficulties in implementing the legislation raised concerns, followed by a proposal to postpone it to 2025, which was the subject of lengthy negotiations. The situation was only resolved in mid-December 2024, with final confirmation through a vote of the European Parliament.

The bullish trend continued in the first few months of 2025, in which there was a steady increase in prices. Specifically, in January and February, the average price of Arabica coffee futures was 367.8 cts/lb, peaking at **438.9 cts/lb** on 13 February 2025.

A chart of the last twenty years of the New York Stock Exchange performance of the last price of green coffee (Arabica), showing the four main historical periods in which extraordinary increases occurred, is shown below.

PRICE OF GREEN COFFEE FUTURES (ARABICA) 2005-2025[3]



[3] The 2025 data reference the January-February period.

Group revenue performance

REVENUES BY GEOGRAPHICAL AREA (in thousands of euros)

	2024	%	2023	%
Italy	192,893	30.6%	185,288	31.1%
EMEA (excluding Italy)	245,391	38.9%	221,660	37.2%
Americas	132,640	21.1%	120,253	20.2%
Asia and Rest of the World	59,181	9.4%	67,942	11.4%
Total	**630,105**	**100.0%**	**595,143**	**100.0%**

In 2024, all the main markets where the group operates in showed a growth compared to 2023.

The group further consolidated its leadership position in **Italy** in the super-premium market segment, recording revenues of €192.9 million, up 4.1% compared to 2023. Growth was mainly driven by the Out-of-Home channels (Ho.Re.Ca., Office and Retail) and the Home channels (Modern Trade and online). In particular, in the Ho.Re.Ca. channel, a sustained acquisition of new customers continued in the super-premium segment of the market (+10%) combined with a constant reduction in the churn rate thanks to the implementation of commercial and marketing policies aimed at consolidating customer base loyalty.

In **EMEA** (excluding Italy), revenues amounted to Euro 245.4 million, an increase of 10.7% compared to 2023. Growth was mainly driven by Spain, France, the United Kingdom, and Greece, and by the further strengthening of the presence in the Middle East.

The **Americas** recorded revenues of €132.6 million, up 10.3% compared to 2023, thanks to strong growth in the United States (+11.1% compared to 2023), a priority market in the group's medium-term plans. In particular, the Ho.Re.Ca. channel recorded a sustained increase in the rate of acquisition of new customers in the premium segment, particularly large accounts (+10%). In Modern Trade, during 2024, relationships with the main retailers were further consolidated with a consequent increase in the weighted average distribution. The online channel experienced a double-digit growth thanks to the consolidation of the partnership with Amazon, which supported the business organic growth, accelerating the rate of acquisition of new customers.

Revenues in **Asia** and the rest of the world stood at €59.2 million, declining by 12.9% compared to 2023. The growth trajectory continued in potential markets such as Australia and Japan, while China suffered a downturn driven by a weakening of the Home sector in favour of out-of-home and by the shift of a share of consumption from more consolidated e-tailers in favour of other platforms (e.g. TikTok). Such structural changes will require a review of the go-to-market in 2025 to address the growing complexity of the market.

REVENUES BY DISTRIBUTION CHANNEL (in thousands of euros)

	2024	%	2023	%
Home*	296,106	47.0%	276,793	46.5%
Out-of-Home**	333,999	53.0%	318,351	53.5%
Total	**630,105**	**100.0%**	**595,143**	**100.0%**

* Home: it includes Modern Distribution, e-Commerce and the Home component of the Distributors business.

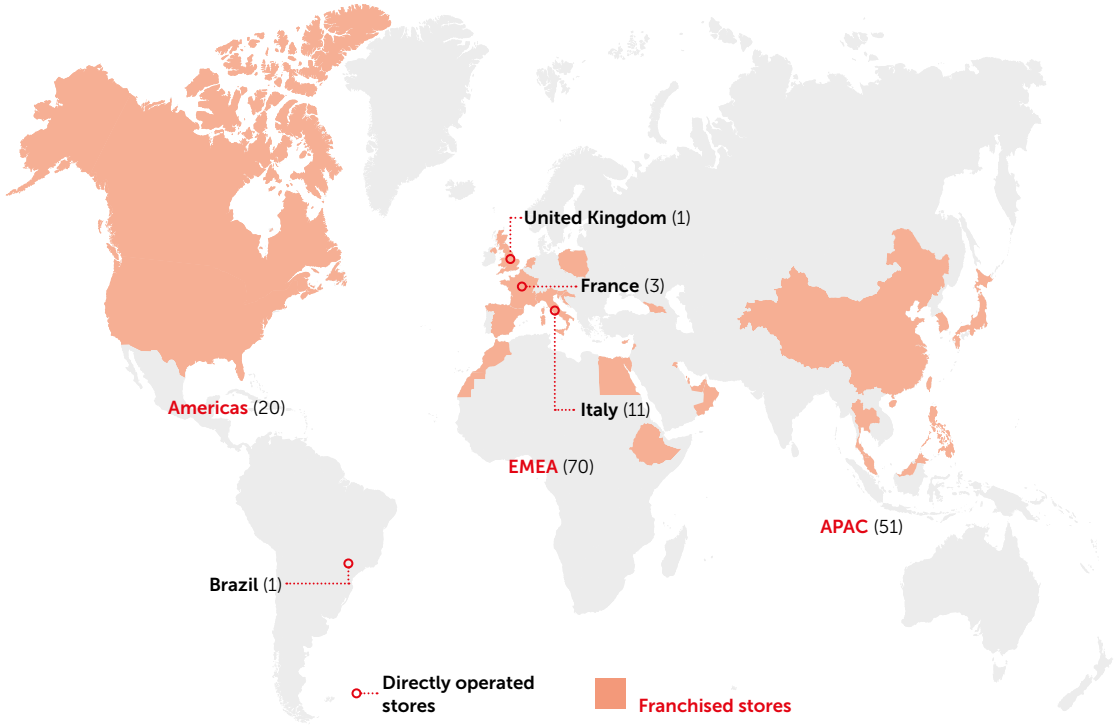
** Out-of-Home: it includes Ho.Re.Ca., Retail, OCS/Vending, Large Corporate Clients and the OOH component of the Distributors business.

The illycaffè business model is characterised by a balanced Home and Out-of-Home mix. In particular, the incidence of revenues related to out-of-home consumption accounted for 53.0% of consolidated revenues, while the Home channel reached an incidence on consolidated revenues of 47.0%, substantially in line with the previous year.

Ho.Re.Ca. channel revenues recorded a growth of +5.7% compared to 2023, driven by Italy, the United States, Spain and France. This growth was supported by an acceleration in the acquisition rate of new customers in the premium market segment and by a simultaneous reduction in the churn rate.

Retail channel revenues were in line with 2023. At 31 December 2024, the network consisted of 157 points of sale (16 directly managed and 141 franchised), a reduction of 2 units compared to 31 December 2023.

RETAIL NETWORK



OCS/Vending channel revenues recorded an increase of +7.6% compared to 2023, driven by Italy, the United States and Spain.

Modern Distribution channel revenues reported a sharp increase of +10.2% compared to 2023. This trend was driven by a sharp increase in distribution, particularly in Italy, the United States, the United Kingdom and Spain where performance was supported by the direct distribution of Nespresso compatible capsules.

Online channel revenues recorded double-digit growth, particularly in the United States, where the channel grew by +18.4% over the previous year, and in the main European markets. Overall channel revenues were in line with the previous year, due to a decline in China, reflecting the increasing complexity of the market.

Distributors channel revenues were up by +6.2% compared to 2023, thanks to the continuous consolidation of the group's presence in strategic markets (primarily Greece) and a growing focus on markets with high expansion potential (e.g. the Middle East, Australia and Japan).

Business outlook

The 2024 results testify to further progress towards achieving the group's strategic objectives.

In 2025, the company will continue to implement the 2022 Strategic Plan, with a focus on accelerating international development in the super-premium segment, focusing in particular on the US market. Growth will be driven by increasingly incisive sustainable innovation and established market and channel strategies established in the 2022-2024 three-year period.

To support these objectives, illycaffè is implementing an important investment plan, largely aimed at expanding production and logistics capacity. In particular, the strategic production site in Trieste will be strengthened, which oversees the critical phases of the production process and represents the heart of the group's industrial excellence.

In light of the solid performance recorded in 2024, the group expects to continue the trend of revenue growth in all strategic markets in 2025.

However, a negative impact on profitability is expected due to the sharp increase in the price of green coffee recorded in 2024 (+36.5% compared to 2023), with further increases at the beginning of 2025 (+94.3% compared to January-February 2024).

To mitigate the impacts caused by the trend of the raw material, illycaffè has started the implementation of strategic initiatives, including:

- a revision of pricing policies, with an approach aimed at balancing the impact of rising raw material costs and supply competitiveness;
- an increase in operational and production efficiency along the entire value chain;
- strict control of general and administrative expenses, with a rationalisation of discretionary costs.

Cash generation in 2025 will also be affected by the high cost of raw materials, mainly due to the increase in working capital linked to the increase in the price of green coffee. However, illycaffè will maintain a solid financial balance, supported by prudent management of resources, careful investment planning and constant optimisation of working capital, which will allow it to continue on the growth path outlined in the Strategic Plan.

The likely introduction of tariffs on US imports represents an additional element of uncertainty in the macroeconomic scenario with effects on the evolution of demand and market dynamics, which will be closely monitored and evaluated by illycaffè during 2025.

Reclassified financial statements

RECLASSIFIED INCOME STATEMENT

	2024	%	2023	%	2022	%
Net revenues	630,105	100.0%	595,143	100.0%	567,656	100.0%
Consumption of raw materials	268,454	42.6%	268,167	45.1%	257,455	45.4%
Gross Industrial Margin	**361,650**	**57.4%**	**326,977**	**54.9%**	**310,201**	**54.6%**
Personnel costs	108,827	17.3%	103,161	17.3%	105,313	18.6%
Costs for goods and services	101,399	16.1%	95,820	16.1%	95,736	16.9%
Advertising and marketing costs	35,281	5.6%	28,679	4.8%	22,009	3.9%
Other management costs (net of revenues)	4,733	0.8%	4,759	0.8%	6,518	1.1%
Provisions and write-down of receivables (net of releases)	1,080	0.2%	1,733	0.3%	2,376	0.4%
Adjusted Gross Operating Margin (ADJUSTED EBITDA)	**110,329**	**17.5%**	**92,825**	**15.6%**	**78,249**	**13.8%**
Non-recurring charges (income)	4,389	0.7%	4,020	0.7%	6,855	1.2%
Gross Operating Margin (EBITDA)	**105,940**	**16.8%**	**88,805**	**14.9%**	**71,394**	**12.6%**
Depreciation and write-downs of property, plant and equipment	29,426	4.7%	28,807	4.8%	27,300	4.8%
Amortisation of right-of-use assets	7,364	1.2%	7,675	1.3%	9,667	1.7%
Amortisation and write-downs of intangible assets	8,017	1.3%	11,477	1.9%	8,531	1.5%
Operating Margin (EBIT)	**61,133**	**9.7%**	**40,846**	**6.9%**	**25,895**	**4.6%**
Financial management result	(8,023)	(1.3%)	(7,333)	(1.2%)	(6,363)	(1.1%)
Adjustments to the value of financial assets	(4,857)	(0.8%)	51	0.0%	(191)	(0.0%)
Pre-Tax Profit	**48,253**	**7.7%**	**33,565**	**5.6%**	**19,341**	**3.4%**
Income taxes	(14,614)	(2.3%)	(9,860)	(1.7%)	(5,160)	(0.9%)
Consolidated Net Profit	**33,638**	**5.3%**	**23,705**	**4.0%**	**14,182**	**2.5%**
of which: Non-controlling interests	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**
of which: Ordinary shareholders of the Parent Company	**33,638**	**5.3%**	**23,705**	**4.0%**	**14,181**	**2.5%**

STATEMENT OF FINANCIAL POSITION

	31/12/2024	%	31/12/2023	%	31/12/2022	%
ASSETS						
Trade receivables	108,661	31.3%	95,566	28.6%	89,847	26.3%
Trade payables	(126,901)	(36.4%)	(105,148)	(31.5%)	(119,113)	(34.8%)
Inventories	128,864	37.1%	114,967	34.5%	137,861	40.3%
Net Operating Working Capital	**110,624**	**31.9%**	**105,385**	**31.6%**	**108,595**	**31.7%**
Other current and non-current assets	**32,553**	**9.4%**	**31,911**	**9.6%**	**33,224**	**9.7%**
Equity investments	13,169	3.8%	16,794	5.0%	16,794	4.9%
Property, plant and equipment	125,636	36.2%	116,190	35.8%	114,595	34.6%
Right-of-use assets	22,893	6.6%	24,908	6.4%	29,070	7.4%
Intangible assets	42,257	12.2%	38,525	11.5%	39,795	11.6%
Non-current assets	**203,955**	**58.8%**	**196,417**	**58.9%**	**200,255**	**58.5%**
TOTAL NET ASSETS	**347,132**	**100.0%**	**333,712**	**100.0%**	**342,074**	**100.0%**
LIABILITIES						
Net Financial Position	**109,597**	**31.6%**	**122,197**	**36.6%**	**154,289**	**45.1%**
Other current and non-current liabilities	**40,982**	**11.8%**	**37,902**	**11.4%**	**26,981**	**7.9%**
Employee benefits	2,481	0.7%	2,644	0.8%	2,883	0.8%
Other provisions	8,731	2.5%	6,263	1.9%	8,877	2.6%
Total Provisions	**11,212**	**3.2%**	**8,906**	**2.7%**	**11,760**	**3.4%**
Loan capital	**161,792**	**46.6%**	**169,005**	**50.6%**	**193,030**	**56.4%**
Shareholders' equity pertaining to non-controlling interests	**12**	**0.0%**	**12**	**0.0%**	**12**	**0.0%**
Group shareholders' equity	**185,328**	**53.4%**	**164,695**	**49.4%**	**149,032**	**43.6%**
TOTAL NET LIABILITIES	**347,132**	**100.0%**	**333,712**	**100.0%**	**342,074**	**100.0%**

NET FINANCIAL POSITION

Amounts in thousands of euros		2024	2023
A	Cash and cash equivalents	52,377	31,830
B	Other current financial assets	13,540	10,354
C=A+B	**Total liquid assets**	**65,917**	**42,185**
D	Current financial receivables	(720)	(851)
E	Short-term derivative financial assets		(2,081)
F	Current bank payables	474	71,512
G	Debt instruments: bonds issued	14,000	14,000
H	Other current financial payables	1,309	1,302
I	Current financial payables for leases	6,729	6,543
J	Short-term derivative financial liabilities	222	
K=D+E+F+G+H+I+J	**Current financial debt**	**22,014**	**90,425**
L=K-C	**Net current financial debt**	**(43,902)**	**48,240**
M	Long-term derivative financial assets		(325)
N	Non-current bank payables	100,781	5,502
O	Debt instruments: bonds issued	28,000	42,000
P	Other non-current financial payables	9,089	10,398
Q	Non-current financial payables for leases	14,381	16,382
R	Long-term derivative financial liabilities	1,250	
S=M+N+O+P+Q+R	**Non-current financial debt**	**153,500**	**73,957**
T=S+L	**Net financial debt**	**109,597**	**122,197**

RECONCILIATION BETWEEN THE PARENT COMPANY'S NET PROFIT AND SHAREHOLDERS'EQUITY AND THOSE OF THE CONSOLIDATE FIGURES

	2024		2023	
	Shareholders' equity	Income statement	Shareholders' equity	Income statement
Parent Company ITA GAAP			**150,289,746**	**12,442,489**
- Effect of applying IFRS			(4,949,434)	1,971,848
Parent Company IFRS GAAP			**145,340,312**	**14,414,338**
- Effects of different FTA between consolidated and separate financial statement			203,752	1,792,182
Parent Company IFRS GAAP restated	**161,239,718**	**29,701,458**	**145,544,064**	**16,206,519**
- Share of shareholders' equity and profit of consolidated companies, net of the equity investments' carrying value	23,336,670	4,299,559	20,118,427	10,140,944
- Elimination of write-downs net of revaluations of equity investments and receivables from consolidated companies		952,078		(1,397,782)
- Consolidation difference emerging from the reversal of consolidated equity investments	6,854,495		6,767,601	(1,893,000)
- Elimination of intercompany asset sales	(22,603)		(22,603)	
- Elimination of profits on sales to subsidiaries included in inventories, net of the related tax effect	(6,144,516)	(1,123,194)	(5,021,322)	852,348
- Elimination of intercompany receivables/payables	83,817	44,212	39,600	2,780
- Elimination of intercompany costs and revenues	(7,631)	(235,744)	(7,383)	(207,082)
Shareholders' Equity and net profit as reported in the consolidated financial statements (including minority interests)	**185,339,951**	**33,638,369**	**164,707,239**	**23,704,728**
Minority interests	(12,390)	(193)	(12,303)	(80)
Group share of shareholders' equity and net profit	**185,327,561**	**33,638,176**	**164,694,936**	**23,704,648**

DESCRIPTION OF INDICATORS

This report uses certain indicators, set out below.

EBITDA[4]
(Gross Operating Margin)
Profit/(loss) for the year, before financial charges/income, income taxes and amortisation and depreciation (including write-downs of property, plant and equipment).

EBITDA ADJUSTED[4]
(Adjusted Gross Operating Margin)
EBITDA before non-recurring charges/income.

EBIT
(Net Operating Margin)
Profit/(loss) for the year, before financial charges/income and income taxes.

NFP
(Net Financial Position)
The sum of bank payables, other financial payables, debt instruments and payables for operating leases (short, medium and long-term), net of current financial receivables, cash and cash equivalents and marketable securities.

It also includes the positive or negative fair value of derivative financial instruments.

NFP/ADJUSTED EBITDA
The ratio of Net Financial Position to Adjusted EBITDA.

NFP/EBITDA
The ratio of Net Financial Position to EBITDA.

NFP/EQUITY
The ratio of Net Financial Position to consolidated shareholder's equity.

ROE
(Return on Equity)
The ratio of net profit to consolidated shareholders' equity at the end of the year.

ROI
(Return on Investment)
The ratio of Gross Operating Margin (EBIT) to the sum of Net Operating Working Capital (equal to the algebraic sum of inventories and short-term trade receivables and trade payables) and non-current assets (tangible, intangible and for right-of-use assets).

ROS
(Return on Sales)
The ratio of Net Operating Margin (EBIT) to net revenues.

[4] The gross operating margin (EBITDA) is a measure used by the group to monitor and assess operating performance, although it is not defined as an accounting measure under the reference accounting standards. Consequently, the criterion used to determine this income statement value may not be the same as that used by other entities, and therefore may not be in any way comparable.

Performance of the group companies[5]

Commercial and distribution companies

illy caffè North America, Inc.

The company recorded revenues of €122,369.5 thousand (+13.0% vs. 2023). The economic result is positive (€1,507.9 thousand vs. €4,909.0 thousand in 2023).

illy espresso Canada, Inc.

The company recorded revenues of €6,963.3 thousand (+0.8% vs. 2023), closing 2024 with a positive economic result (€29.4 thousand vs. €143.5 thousand in 2023).

illy caffè France S.A.S.

The company recorded revenues of €35,575.7 thousand (+1.3% vs. 2023) with a positive economic result (€1,229.6 thousand vs. €1,369.1 thousand in 2023).

illycaffè Shanghai Co. Ltd

The company recorded revenues of €3,506.8 thousand (-69.0% vs. 2023), achieving a positive economic result of €275.8 thousand (€665.4 thousand in 2023).

illycaffè UK Ltd

The company recorded revenues of €27,376.1 thousand (+9.0% vs. 2023). The result is positive (€618.6 thousand vs. €540.6 thousand in 2023).

illycaffè Sud America Comércio Importaçao e Exportaçao Ltda

The company recorded revenues of €7,026.4 thousand (+15.7% vs. 2023) and a negative economic result of -€242.6 thousand (-€1,046.8 thousand in 2023).

Other companies

Bar Finance International S.p.A.

The company recorded a negative result (-€7.0 thousand vs. €8.9 thousand in 2023).

Magic L'Espresso S.L.

The company closed the year with revenues of €5,605.0 thousand (-7.9% vs. 2023) and a positive result (€259.0 thousand vs. €266.0 thousand in 2023).

Experimental Agricola do Brasil Ltda

The company achieved revenues of €76,038.4 thousand (+28.1% vs. 2023) and a positive economic result of €1,929.0 thousand (€798.9 thousand in 2023).

It is noted, that the Parent Company operates not only through the structure active in Italy, but also through five branches in the markets of Spain, Germany, Austria, the Netherlands and Hong Kong.

[5] The figures shown refer to the financial statements of the Group companies, adjusted to make them compliant with the international accounting standards adopted for the preparation of the Consolidated Financial Statements.

Relations with subsidiaries, associates, controlling shareholders and companies subject to the control of the latter

PARENT COMPANY

Receivable and payable positions in respect of the controlling shareholder, recorded in the statement of financial position, mainly relate to Parent Company receivables and payables to the controlling shareholder Gruppo illy S.p.A. resulting from the option to join the national tax consolidation scheme, for the 2020-2022 three-year period, and to RAA S.p.A., deriving from the option for the national tax consolidation regime, signed for the 2023-2026 three-year period.

The Parent Company does not hold any treasury shares and it does not own nor did it hold any shares or holdings of parent companies during the year, including through trust companies or intermediaries.

RELATED PARTIES

As part of its ordinary business management, the group has commercial relationships with related companies that are regulated under normal market conditions.

	Trade receivables	Other current assets	Trade payables	Other current liabilities	Intangible assets	Revenues from sales and services	Cost of production
Dealings with Parent Company							
Gruppo Illy S.p.A.	25,336	2,845,621				39,715	
RAA S.p.A.	644			5,098,478		528	
Dealings with associates							
Kafea Terra Food & Drinks S.A.	9,815,261					30,716,213	
Illycafè Thalwil AG	285,959					1,085,879	
Dealings with other related parties							
Fondazione Ernesto Illy							475,000
Blitz Srl							3,440
Picture of Change			12,949		10,614		
Amarey Srl	431		4,619			3,017	3,786
TOTALE	**10,127,631**	**2,845,621**	**17,568**	**5,098,478**	**10,614**	**31,845,352**	**482,226**

Parent company economic-financial performance

Economic and financial results

MAIN ECONOMIC AND FINANCIAL INDICATORS (in € million)

	2024	2023	2022
Net revenues	532,835	493,810	482,599
Adjusted EBITDA	91,264	68,062	59,087
Adjusted EBITDA pre IFRS 16*	86,432	63,162	54,043
EBITDA	88,323	64,396	52,595
EBIT	54,053	29,259	19,883
Net profit	29,701	16,207	7,202
Net Financial Position	(122,771)	(133,940)	(158,087)
Net Financial Position pre IFRS 16*	(108,548)	(118,471)	(142,077)

(*) The effects deriving from the application of IFRS 16 limited to operating leases.

PROFITABILITY AND EQUITY INDICATORS

	2024	2023
ROI	22.5%	12.3%
ROE	9.1%	5.0%
ROS	10.1%	5.9%
NFP/Adjusted EBITDA	1.3	2.0
NFP/EBITDA	1.4	2.1
NFP/Equity	0.4	0.4

Parent company revenue performance

REVENUES BY GEOGRAPHICAL AREA (in € thousand)

	2024	%	2023	%
Italy	192,887	36.2%	185,375	37.5%
EMEA	216,212	40.6%	201,474	40.8%
Americas	67,344	12.6%	54,349	11.0%
Asia and Rest of the World	56,392	10.6%	52,612	10.7%
Total	**532,835**	**100.0%**	**493,810**	**100.0%**

Reclassified financial statement

RECLASSIFIED INCOME STATEMENT

	2024	%	2023	%
Net revenues	532,835	100.0%	493,810	100.0%
Consumption of raw materials	261,995	49.2%	256,836	52.0%
Gross Industrial Margin	**270,840**	**50.8%**	**236,974**	**48.0%**
Personnel costs	80,079	15.0%	74,893	15.2%
Costs for goods and services	78,566	14.7%	73,700	14.9%
Advertising and marketing costs	21,124	4.0%	20,502	4.2%
Other management costs (net of revenues)	(995)	(0.2%)	(1,245)	(0.3%)
Provisions and write-down of receivables (net of releases)	802	0.2%	1,062	0.2%
Adjusted Gross Operating Margin (ADJUSTED EBITDA)	**91,264**	**17.1%**	**68,062**	**13.8%**
Non-recurring charges (income)	2,940	0.6%	3,666	0.7%
Gross Operating Margin (EBITDA)	**88,323**	**16.6%**	**64,396**	**13.0%**
Depreciation and write-downs of property, plant and equipment	21,541	4.0%	21,207	4.3%
Amortisation of right-of-use assets	4,799	0.9%	4,693	1.0%
Amortisation and write-downs of intangible assets	7,930	1.5%	9,238	1.9%
Operating Margin (EBIT)	**54,053**	**10.1%**	**29,259**	**5.9%**
Financial management result	(6,688)	(1.3%)	(5,703)	(1.2%)
Adjustments to the value of financial assets	(5,674)	(1.1%)	(1,029)	(0.2%)
Pre-Tax Profit	**41,690**	**7.8%**	**22,527**	**4.6%**
Income taxes	(11,989)	(2.3%)	(6,320)	(1.3%)
Net Profit	**29,701**	**5.6%**	**16,207**	**3.3%**

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

	31/12/2024	%	31/12/2023	%	31/12/2022	%
ASSETS						
Trade receivables	93,619	28.8%	89,855	27.9%	86,915	26.4%
Trade payables	(120,940)	(37.2%)	(95,595)	(29.7%)	(107,223)	(32.6%)
Inventories	107,558	33.1%	93,275	29.0%	110,144	33.4%
Net Operating Working Capital	**80,238**	**24.7%**	**87,534**	**27.2%**	**89,836**	**27.3%**
Other current and non-current assets	**25,819**	**7.9%**	**25,987**	**8.1%**	**31,714**	**9.6%**
Equity investments and other non-current financial assets	58,822	18.1%	58,077	18.1%	58,568	17.8%
Property, plant and equipment	108,315	33.3%	100,381	31.2%	99,752	30.3%
Right-of-use assets	16,380	5.0%	17,906	5.6%	18,944	5.8%
Intangible assets	35,638	11.0%	31,843	9.9%	30,562	9.3%
Non-current assets		**67.4%**	**208,208**	**64.7%**	**207,826**	**63.1%**
TOTAL NET ASSETS	**325,211**	**100.0%**	**321,729**	**100.0%**	**329,375**	**100.0%**
LIABILITIES						
Net Financial Position	**122,771**	**37.8%**	**133,940**	**41.6%**	**158,087**	**48.0%**
Other current and non-current liabilities	**31,531**	**9.7%**	**28,047**	**8.7%**	**19,264**	**5.8%**
Employee benefits	2,224	0.7%	2,373	0.7%	2,626	0.8%
Other provisions	7,446	2.3%	11,825	3.7%	13,630	4.1%
Total Provisions	**9,670**	**3.0%**	**14,199**	**4.4%**	**16,256**	**4.9%**
Loan capital	**163,971**	**50.4%**	**176,185**	**54.8%**	**193,607**	**58.8%**
Shareholders' equity	**161,240**	**49.6%**	**145,544**	**45.2%**	**135,768**	**41.2%**
TOTAL NET LIABILITIES	**325,211**	**100.0%**	**321,729**	**100.0%**	**329,375**	**100.0%**

NET FINANCIAL POSITION

Amounts in thousands of euros		2024	2023
A	Cash and cash equivalents	46,577	23,658
B	Other current financial assets		
C=A+B	**Total liquid assets**	**46,577**	**23,658**
D	Current financial receivables		
E	Short-term derivative financial assets		(2,081)
F	Current bank payables	474	71,334
G	Debt instruments: bonds issued	14,000	14,000
H	Other current financial payables	1,309	1,302
I	Current financial payables for leases	3,965	4,056
J	Short-term derivative financial liabilities	222	
K=D+E+F+G+H+I+J	**Current financial debt**	**19,970**	**88,611**
L=K-C	**Net current financial debt**	**(26,607)**	**64,953**
M	Long-term derivative financial assets		(325)
N	Non-current bank payables	100,781	5,502
O	Debt instruments: bonds issued	28,000	42,000
P	Other non-current financial payables	9,089	10,398
Q	Non-current financial payables for leases	10,259	11,413
R	Long-term derivative financial liabilities	1,250	
S=M+N+O+P+Q+R	**Non-current financial debt**	**149,378**	**68,988**
T=S+L	**Net financial debt**	**122,771**	**133,940**

Risk management and policy

Risk management and policy

The internal control and risk management system adopted by illycaffè defines the principles of transparency, segregation of responsibilities, traceability of the transactions carried out and the adoption of structured controls. This represents the set of rules, procedures and organisational structures intended to allow sound and correct management of the company consistent with the strategic objectives. Starting from 2017, the group adopted the "Guidelines of the Internal Control and Risk Management System", subsequently updated in 2020 and 2022.

In particular, illycaffè's internal control and risk management system is structured over three levels:

- the first level includes the "line controls", aimed at identifying, monitoring, mitigating and reporting the intrinsic risks of ordinary business activities. These controls are carried out, in the first instance, directly by the owners of the individual operating processes and by the IT systems used for this purpose;
- second-level controls are carried out by the corporate functions responsible for managing the risks typical of the group's activities, first and foremost the Risk Manager;
- the third-level controls are entrusted to the Internal Audit unit, which is called upon to verify the suitability of the controls of the first two levels, through checks on the operation and suitability of the internal control and risk management system, carried out on the basis of the audit plan approved by the Board of Directors.

The Risk Manager is responsible for developing and updating, under the supervision of the Chief Executive Officer, the risk management framework, using the Risk & Compliance unit. The Risk Manager periodically reports to the Internal Control and Risks Committee, which performs proposal, advisory and control functions in favour of the Board of Directors, with regard to the internal control and risk management system.

During 2024, illycaffè consolidated its Enterprise Risk Management (ERM) framework, adopted to allow a comprehensive, integrated management of corporate risks, confirming its objectives, benchmarks, Risk Catalogue, assessment metrics, roles in risk management and the flow of reporting to Governance bodies. The Risk Appetite Map, a governance expression of the degree of risk acceptable to the organisation in relation to the various types of risk, was also updated.

With the Enterprise Risk Assessment (ERA) activity, the risk map was annually updated with a potentially significant impact on the company's strategic objectives and value. In particular, the transversal risk identification and assessment methodology across the different functions was consolidated and the managers of each risk (risk owner), who are entrusted with the management of the risk and the implementation or improvement of mitigation actions, were identified.

With regard to the identification phase, the risks reported in the Risk Register may be linked to change drivers in the external context, such as macroeconomic factors, sector trends and regulatory developments, or in the internal context, including strategic plan objectives, material and management elements, and more generally on anything that may affect the company's risk profile in the medium and long term.

To support this phase, use is made of the group Risk Catalogue as a guideline, where the risks are divided into four categories and related sub-categories:

- operational risks related to company operations, organisational structure, information systems and control and reporting processes;
- integrity and compliance risks related to the company's non-compliance, in conducting its business, with applicable laws and regulations, both nationally and internationally, as well as with the Code of Ethics and internal procedures;
- strategic risks associated with the business and governance model adopted, the market context in which the group operates and the decision-making and strategic direction processes;
- financial risks related to the group's financial management, specifically risks involving liquidity, currencies, interest rates and financial counterparties for any financial transactions.

Risks related to ESG factors apply to all the above subdivisions, since they can present thematic connections in each highlighted category.

In 2024, the persistence of tension elements deriving from the external context (such as the conflict in Ukraine, the conflict in the Middle East, the elections in the United States and the tensions between the USA and China) with increasing systemic risks (such as food, climate, energy and technological uncertainty) entailed an ongoing control on the level of exposure for many of the company's operational and strategic areas and the definition of mitigation or adaptation strategies.

The sharp increase in the price of Arabica coffee led to targeted purchasing and inventory management policies, as well as constant monitoring of costs and cash flows.

Again in 2024 the ERA process involved, through interviews, all the organisational units at various levels (first and second managerial levels) and allowed the collection of information with an updated and comprehensive view of the different risk areas. The phases of the ERA can be summarised as follows:

- risk identification;
- assessment of risks in terms of severity and probability of occurrence. The criteria for assessing severity include issues of an economic, reputational, as well as people and environmental nature;
- prioritisation on the Heat Map, preparatory to risk processing;
- reporting to the various levels of the corporate organisation.

Following the assessment, risk mitigation plans were updated, the progress of which is periodically monitored. In addition, periodic analyses were carried out on the most important Heat Map risks and on those subject to an increase in exposure during the year; Finally, certain endogenous/exogenous risks were analysed in the strategic planning phase.

Below are the main risks that emerged from the mapping, divided into the categories defined above, and the description of the management methods.

OPERATIONAL RISKS

Raw material supply risk (green coffee)

Tensions at the geopolitical level as well as at the local level may pose a risk for the logistics flows of raw material from countries of origin. The diversification of origins used in the illy blend as well as the optimised management of raw material stocks in Trieste make it possible to mitigate this risk.

Climate risks can affect the price of coffee while it is more remote that in the short term they will affect the availability of the quantities needed for production, given the direct relationship with the producers and the company's high credibility in the countries of origin.

In 2024, intensive work was carried out on the various aspects of the European Deforestation-free Products Regulation (EUDR) to ensure compliance on all incoming coffee as of 31 December 2024. In the meantime, the introduction of the regulation was postponed to 30 December 2025.

Other goods/services supply risk

The monitoring carried out on risks related to the procurement of supplies highlighted the availability and cost of supplies of critical components as areas of focus, particularly in cases of mono-supplies, with the definition of additional mitigation measures related to the rising costs of energy and packaging components, also in relation to the increasing focus on environmental sustainability issues.

Production stoppage risk

The group operates over several hubs, but with a high concentration of activity in Trieste, where there are highly specialised and customised production lines. This exposes the group to the risk of business interruption in the event of extreme natural or accidental events. During the year, preventing and mitigating additional measures were introduced to existing insurance coverage, which is periodically monitored and reviewed.

Risks relating to IT security

The group is extremely sensitive to the issue of the soundness and continuity of its information systems, which it monitors and adjusts with continuous improvements. With respect to potential cyber risks, in recent years, significant measures for the prevention, detection and containment of the potential impact both in terms of operational continuity and with regard to privacy aspects, were introduced. In addition to dedicated tools, ongoing training is in place for employees on these issues, and specific insurance coverage reviewed annually is in place. illycaffè is constantly working to strengthen its processes, improve supporting systems and seize the opportunities for efficiency improvements represented by automation. A number of tools based on artificial intelligence are also being implemented, the benefits and associated risks of which are being monitored.

Risks relating to product quality, compliance and product safety

The group has always been attentive to this type of risk, which it monitors and mitigates with continuous improvement actions, both in relation to the raw material and industrial components, and to the transformation, packaging and storage processes, in order to ensure product compliance and safety in all channels covered. One area of risk is represented by the continuous regulatory developments in the various countries, which entail the need for timely updates of product and raw material controls as well as of the information reported on it. illycaffè manages this risk by monitoring and planning controls on products and their layout changes. The group also monitors all issues related to potential contamination along the supply chain.

Risks associated with the management of human resources

The group acknowledges the key role played by its human resources and the importance of maintaining clear relationships based on mutual loyalty and trust, as well as on the observance of conduct dictated by the Code of Ethics adopted by the group. Working relationships are managed and coordinated in respect of workers' rights and in full acknowledgement of their contribution, with a view to encouraging their professional development. Starting in 2020, the group facilitated the transition to smart working for all office staff, which is still retained in hybrid form. In 2024, particular attention was paid to risks related to work loads, staff motivation and retention and, to this end, the Talent Assessment process, launched in 2022, was consolidated.

Risks relating to health and safety

The group has always been committed to health and safety improvement projects in the workplace. Training courses and workshops are frequently organised for staff, particularly on the issue of safety. Illycaffè adopts the ISO 45001 standard, the implementation of which is periodically confirmed by the certifying body.

In relation to the 2024-2028 Business Plan, the monitoring of safety aspects has been strengthened, given the intense activity plan and the many internal and external stakeholders involved. On health issues, the risk of coffee allergies, which may involve production and quality control functions, is monitored.

Integrity and compliance risks

Compliance risks are related to non-compliance, when conducting business, with applicable laws and regulations, both nationally and internationally, both in terms of policies, guidelines and internal procedures. The group has adopted the Code of Ethics, which lays down the high-level policies on general principles and conduct and an organisational, management and control model pursuant to Italian Legislative Decree No. 231/2001.

STRATEGIC RISKS

Market risk

The sharp increase in the price of green coffee and the resulting list price increases to the end consumer, aimed at mitigating its negative impacts, could lead to a reduction in sales volumes in the industry, in a context characterised by a progressive reduction in consumers' discretionary spending power over the past two years. illycaffè carefully evaluates possible list price adjustments, considering the brand's positioning in the market and the price elasticity of demand, in order to maintain a balanced approach between protecting margins and growing volumes.

Risks on the long-term availability of raw materials

In relation to the evolution of the climate and environmental context, both for extreme weather events and for long-term climatic changes, the long-term availability of raw materials could be at risk in some production areas, with the redrawing of areas dedicated to coffee cultivation. The group carefully and proactively monitors this issue in relation to the various countries from which it sources raw materials and participates in research projects on plants, their diseases and biodiversity, as well as innovative initiatives linked to the regenerative agriculture model.

Risks related to increased market competition

In the last ten years, the coffee sector has been characterised by an increase in competition both upstream and downstream of the supply chain, encouraged by a sector consolidation. This element entails greater competition, in particular in terms of access to procurement channels, distribution, qualitative improvement and investments in communication with potential difficulties in maintaining the current market share.

Risks related to the effects of coffee on health

Coffee is sometimes targeted by press campaigns and articles that highlight the risks that may be associated with highly daily consumption. The Parent Company is part of the Scientific Committee of ISIC (Institute for Scientific Information on Coffee), a non-profit organisation founded in 1990 with the aim of studying in depth and continuously update studies on the effects of coffee on health. In 2016, IARC (International Agency for Research on Cancer) downgraded coffee to category 3 ("non-carcinogenic for humans"), concluding that there is no evidence

that coffee consumption is associated with an increased risk of developing cancer.

illycaffè is actively involved in proprietary and pre-competitive research programs that study the reduction of agrochemical inputs during the cultivation phase. In particular, since 2019, illycaffè has been supporting Virtuous Agriculture®, a holistic scientific research and education project under the leadership of President Andrea Illy, which combines sustainable agriculture with a focus on environmental regeneration, enriching the soil with organic carbon.

Virtuous Agriculture® has a dual benefit: for the environment, through the sequestration of carbon and the reduction of contaminants, and for human health, through lower use of crop protection products and a consequent absence of toxic residues in the cultivated coffee.

Risks relating to the environmental impacts of products

illycaffè adopts a process for the development of its products that also considers sustainability aspects in relation to the growing attention of consumers, trade customers and institutions to sustainable packaging.

These include, in particular, the risk linked to Iperespresso plastic capsules, with respect to which illycaffè is implementing mitigation actions with recovery, recycling and reuse initiatives. In 2024, it also launched the new 85% recycled aluminium capsules operating on the new proprietary X-CAPS system, as well as illy compostable capsules for the CoffeeB system.

There is constant research on materials with low environmental impact, while respecting the quality and safety of the product; all in a still uncertain context, also of a regulatory nature.

Risks of failure to achieve pre-established CO_2 emission targets

illycaffè is active on the issue of decarbonisation, aware of the consistency with respect to its status as a Benefit Corporation, as well as the potential repercussions on the company's credibility and value.

That is why illycaffè has defined its roadmap verified by Science Based Targets initiative (SBTi) and has launched an intensive plan of internal and external supporting initiatives. The implementation of these practices on supply chains in a general context of uncertainty could lead to an increase in costs related to these initiatives.

Risks on the sustainability of production processes and of the supply chain

illycaffè operates in a responsible, transparent and sustainable manner. Specifically, and with reference to producing countries, illycaffè annually updates the analysis on environmental, employment, and corporate ethics risks, evaluating them at the level of the individual countries, individual organisations, and asks suppliers to carry out a risk analysis of their own supply chain. Based on the critical analyses emerging, the action focuses on raising awareness on minimum wages, preventing the use of highly toxic agrochemical products, supporting the implementation of efficient wastewater treatment systems, and preventing and mitigating child labour risk. European regulatory developments in terms of due diligence will lead to an increase in information flows and document compliance.

With regard to production processes, the 2024-2028 Business Plan, aimed at an increase in production capacity and process improvement, has already taken into account environmental sustainability aspects (such as reduction of CO_2 emissions, energy saving and waste reduction).

Risks relating to the protection of own brands

illycaffè has always considered innovation as an indispensable tool for market success and competitiveness and has a very substantial set of patents, trademarks and other intellectual property rights. In order to maintain and protect intellectual property, periodic monitoring is carried out.

Reputational risks

Given its premium positioning and awareness, illycaffè remains exposed to the risk of media attacks on traditional and social media. The group carefully monitors the press and interactions on social media channels and in any case has mitigation and crisis management tools at its disposal.

FINANCIAL RISKS

Commodity price risk

The group is exposed to the risk of changes in commodity prices, given that part of the purchase contracts are stipulated at variable price and the extremely volatile nature of the coffee market, which is influenced by factors of a climatic (such as drought and frost), macroeconomic (such as supply and demand) and financial (including investments in index funds, hedge funds, etc.) nature. During 2024, Arabica coffee prices on the New York Stock Exchange reached record highs, the likes of which had not been seen since 1977, driven mainly by reduced Robusta coffee production due to climatic reasons, as well as other variables such as uncertainties on Arabica production, introduction of the European Deforestation-free Products Regulation (EUDR) and the geopolitical context. In this context, the company was able to take advantage of its previously concluded purchase contracts for part of its 2024 requirements.

Credit risk

Credit exposure is divided among a high number of counterparties and customers. The group strives to reduce the risk resulting from the insolvency of customers through procedures ensuring that sales are made to reliable and solvent customers, especially in Italy, but with guidelines strengthened since 2023 also abroad. Based on the available information on customer solvency and historic data statistical series, combined with exposure limits per individual customer, these procedures allow for reducing credit concentration and minimising the relative risk. In the event of changes in the payment terms, guarantee measures are put in place to protect payments. Positions involving significant amounts for which the group identifies situations of objective, total or partial, non-recoverability, taking into consideration any guarantees obtained are written down individually. Also, the group makes appropriate provisions for receivables that have not been written down individually, taking into account past experience and statistical data, identifying the potential loss expected on receivables. With regard to the current inflationary context, the group monitored receivables in a targeted manner, focusing on the Italian market, assessing whether the measures in place were suitable and sufficient, but finding no critical issues.

Liquidity risk

This risk could be manifested in inability on the part of the group to find, at optimal financing conditions and adequate timing, the financial resources needed to sustain operations. The group's cash flows, borrowing requirements and liquidity are constantly monitored centrally by the Finance and Treasury function in order to ensure the effective and efficient management of financial resources. The group's capacity for generating operating cash flows, its financial debt maturities and the confidence that the banking system has in it mean that this risk is regarded as well-controlled.

Exchange rate risk

The group operates in an international context in which transactions are also conducted in currencies other than the euro, exposing it to the risk of fluctuating exchange rates. The accounting exchange rate risk is mainly managed to reduce the impact of exchange rate changes between invoice date and date of collection. The centralisation in the Parent Company of activities related to the management of such risk allows, where possible, natural hedging between incoming and outgoing cash flows. The translation risk associated with the translation of the assets/liabilities of consolidated companies that prepare their financial statements in currencies other than the euro is not managed.

Interest rate risk

The group is relatively exposed to the risk of changes in interest rates, given the bond issued in 2015 at a fixed rate and the new hedge in place on 50% of the syndicated loan (notional value of 50 million euros). Interest rate risk is also managed by the Financial Risk Policy where the use of financial hedging instruments is envisaged.

Geopolitical context

In relation to the geopolitical tensions linked to the conflict in Ukraine and that in the Middle East, illycaffè assessed the risks to which it is exposed, highlighting some aspects of greater importance linked to the procurement and costs of logistics services, the availability and relative costs of energy supplies (gas, electricity) and packaging supplies related to production chains, as well as the generalised increase in cyber attacks risk, both directed at the organisation and at information system providers.

Sustainability statements

General information

GOVERNANCE

Governance model

The composition of illycaffè's governance meets the effectiveness and efficiency criteria and integrates a shared value creation model. The Shareholders' Meeting and the Board of Directors work to guarantee the **sustainable development** of the business, which was further strengthened in 2019 with the transformation into Benefit Corporation.

illycaffè operates according to an independent, family-controlled and management-led business model.

The Board of Directors plays a central role in guiding and managing the group. In addition to its powers pursuant to the law and the Articles of Association, the Board has exclusive competence in relation to the main economic and strategic decisions. The Board of Directors is responsible for monitoring and guiding the company and the group. The Board of Directors is responsible for the annual assessment on the adequacy of the company's organisational, administrative and accounting structure and of the company's general operating performance, on the basis of reporting from the delegated bodies.

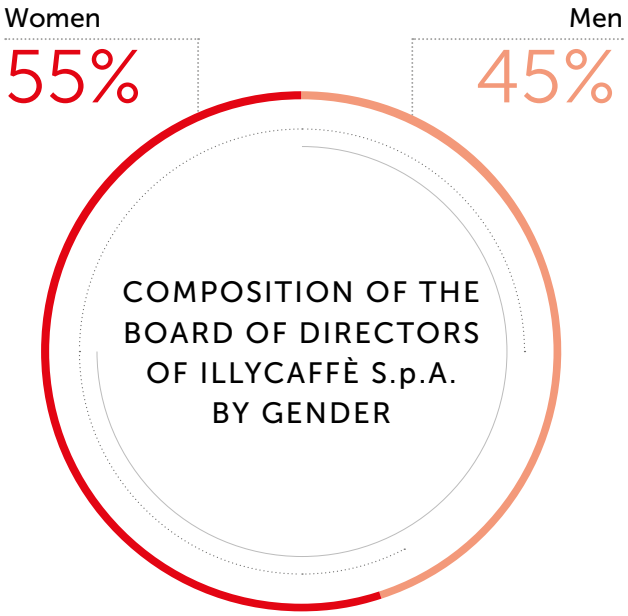
Composition of the Parent Company's governance bodies

| GRI 2-9 | GRI 2-10 | GRI 2-11 | GRI 2-15 | GRI 2-17 |

| GRI 2-18 | GRI 2-24 | GRI 405-1 |

illycaffè's Board of Directors was renewed by resolution of the Shareholders' Meeting of 20 June 2022 and will remain in office until the approval of the Financial Statements as at 31 December 2024.

The Parent Company's Board of Directors consists of 11 members, including the Chairperson, all over fifty years old. **55% of the members, including the CEO, are women**.



In 2024, the Board of Directors met 6 times and the average meeting attendance was 95%.

The Board of Directors guides the company in its path for the creation of long-term sustainable value and is composed of members with **diversified skills** and complementary professional experience, consistent with the identified strategic objectives and oriented to the international development of the illy brand in the super-premium segment of the coffee market.

The number and skills of non-executive directors are such as to ensure they have a significant weight in the adoption of resolutions and to guarantee effective management monitoring, in particular in areas where conflicts of interest could arise, not identified during 2024.

The Board ensures that the independence requirements are met by referring to the legal provisions and the Corporate Governance Code of the Italian Stock Exchange (Borsa Italiana), taking into account any additional offices in other companies. In particular, the Board assesses the possible presence of more than one office in companies that may become related parties; it also assesses that there are no circumstances that may entail a conflict of interest or impair independent judgement with the consequent loss of independence.

Role	Name	Executive	Independent	Year of first appointment	Percentage of attendance	Skills
Chairman[6]	Andrea Illy	●		14/04/1992	100%	
Vice Chairman	Enrico Tommaso Cucchiani		●	29/04/2019	100%	
Chief Executive Officer	Cristina Scocchia	●		01/01/2022[7]	100%	
Director	Anna Illy[8]			14/04/1992	100%	
Director	Robert Frank Agostinelli			25/02/2021	83%	
Director	Marianne Kirkegaard			30/07/2021	83%	
Director	Raffaele Jerusalmi[9]		●	20/06/2022	100%	
Director	Carolyn Dittmeier		●	29/04/2019	100%	
Director	Maria Migliorato		●	25/02/2021	100%	
Director	Paola Cillo		●	20/06/2022	83%	
Director	Giovanni Zoppas		●	20/06/2022	100%	

KEY

- Sector experience
- Strategy and business model
- Innovation
- Corporate governance, compliance and legal affairs
- Financial and accounting analysis
- International experience
- Audit and risk management
- ESG

[6] The Chairperson of the Board of Directors is not a manager in the organisation.

[7] Cristina Scocchia held the role of Independent Director of illycaffè S.p.A. since 29/04/2019.

[8] As Chief Ethical Officer, they represents the point of reference for the promotion of company's ethical values.

[9] As Lead Independent Director, they represents the point of reference and coordination of the Independent Directors' requests and contributions.

In line with the importance that stakeholders attach to effective and transparent governance, illycaffè, while not obliged to comply with the provisions contained in Circular CRD IV no. 285 First Part, Section IV, Chapter 1, since 2017 it has implemented an annual process of **self-assessment** of the Board of Directors and its optimal composition (Board Evaluation). Operating with the support of an independent external consultancy firm, this process aims to evaluate:

- the size, composition and actual functioning of the Board and its Committees;
- the role played by the Board in defining strategies and monitoring management performance with particular attention to sustainability issues (integration in strategic plans, internal control systems and remuneration policies) and to the adequacy of the internal control and risk management system;
- any areas for improvement.

Also in 2024, the assessment focused on the Board's qualitative and quantitative composition, on its functioning and on its strength in exercising its corporate management and supervisory role. With regard to ESG factors, the assessment by Board members focused on, among other aspects, the ability to ensure effective supervision of illycaffè's material issues, the implementation of appropriate governance processes for the management of ethical issues, and the creation of sustainable value in the long term.

GOVERNING BODIES

Board of Statutory Auditors[10]

Joram Bassan *(Chairperson)*
Carlo Bellavite Pellegrini
Alessandra Stabilini

Internal Control and Risk Committee[10]

Carolyn Dittmeier *(Chairperson)*
Marianne Kirkegaard
Raffaele Jerusalmi

It performs investigative, proposal and advisory functions in favour of the Board of Directors with regard to the internal control and risk management system. It is made up of three Directors, the majority of whom meet the requirements of "non-executive and independent director".

Sustainability Committee[11]

Maria Migliorato *(Chairperson)*
Marianne Kirkegaard
Giovanni Zoppas

It performs investigative, proposal and advisory functions in favour of the Board of Directors with regard to sustainability. It is made up of three Directors, the majority of whom meet the requirements of "non-executive and independent director".

Appointments and Remuneration Committee[11]

Enrico Tommaso Cucchiani *(Chairman)*
Robert Frank Agostinelli
Paola Cillo

It performs investigatory, proposal and advisory functions in favour of the Board of Directors with regard to the appointment and remuneration of the CEO, Directors and top management. It is made up of three Directors, the majority of whom meet the requirements of "non-executive and independent director".

231 Supervisory Body and Code of Ethics[11]

Daniele Piva *(Chairperson)*
Luca Marmo
Miriam Ota

Independent Auditing Firm[12]

KPMG S.p.A.

[10] Term of office fiscal years 2024 - 2026 with resolution of Shareholders' Meeting of 24 April 2024.

[11] Term of office fiscal years 2022 - 2024 with resolution of the Board of Directors of 20 June 2022.

[12] Term of office fiscal years 2022 - 2024 with resolution of Shareholders' Meeting of 20 June 2022.

Remuneration policies and incentive plans

| GRI 2-19 | GRI 2-20 |

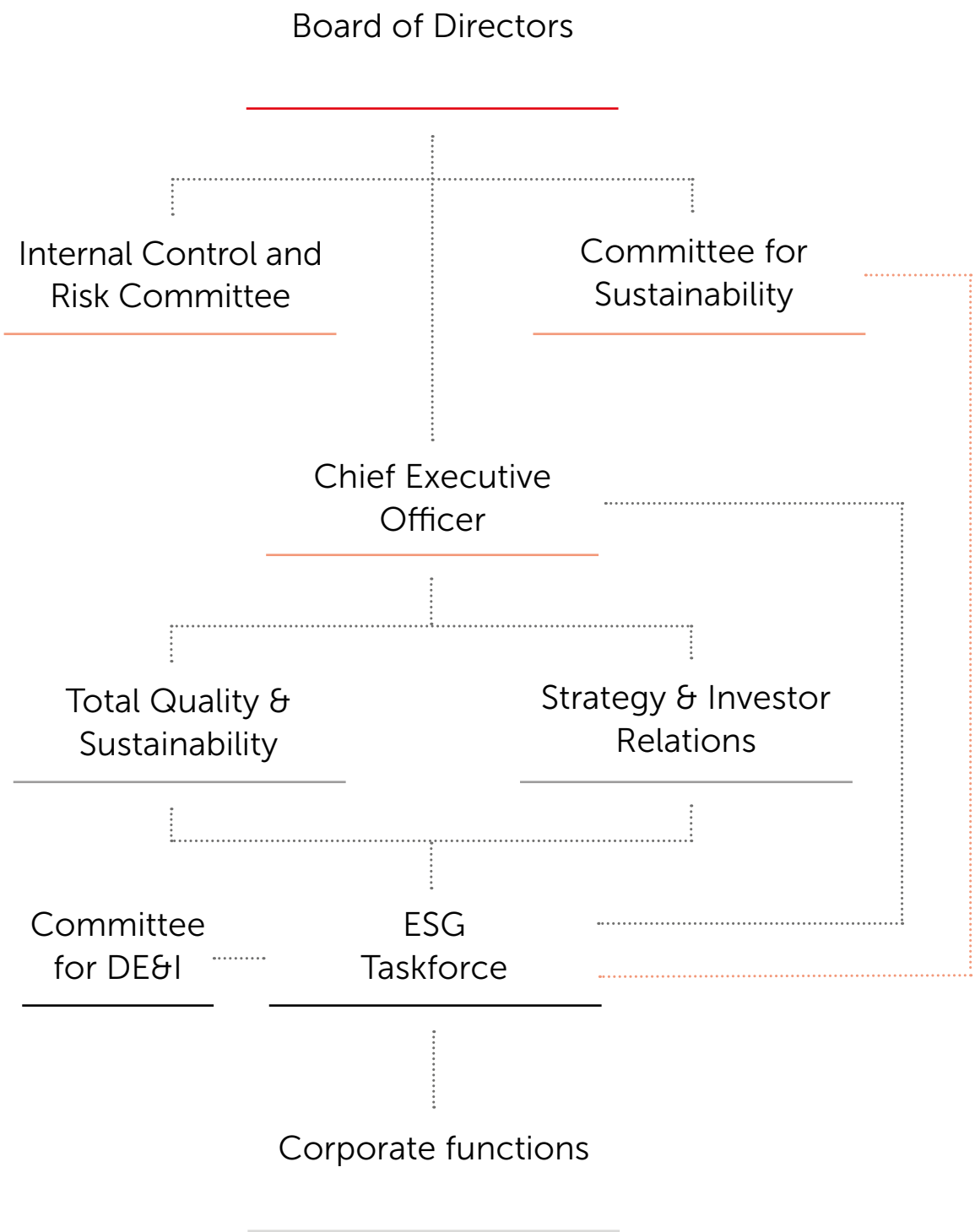
The Board of Directors' remuneration policies envisage a fixed remuneration for all non-executive members and the Chairperson. The Chief Executive Officer's remuneration also includes a variable component, linked to both economic-financial and sustainability objectives, resolved by the Board with the favourable opinion of the Appointments and Remuneration Committee.

With a view to progressively integrating ESG factors in the incentive plans, in 2024 the Board of Directors introduced an emissions intensity reduction target (total tonnes of CO_2eq emissions compared to tonnes of coffee sold) within the scope of the Short-Term Management Incentive Plan.

In 2022, the Board of Directors of the Parent Company approved the regulations of the incentive plan called "Management Equity Plan 2022 - 2029" in favour of the CEO and executives of the Parent Company or its subsidiaries, identified by name at the sole discretion of the Board of Directors. Through this plan, illycaffè aims to incentivize and retain beneficiaries according to the company's value growth in the medium to long term, aligning the interests of the beneficiaries with those of the shareholders of the Parent Company over a multi-year time horizon.

Governance of sustainability

| GRI 2-12 | GRI 2-13 | GRI 2-14 | GRI 2-22 | GRI 2-24 |



The illycaffè **Board of Directors** plays a fundamental role in ensuring that the group's commitment to sustainable development models is consistent and widespread along the entire value chain, and integrated into its strategic plan and business model, also based on the purposes of common benefit pursued as a Benefit Corporation. In particular, the approval of the following remain the responsibility of the Board of Directors:

- the Sustainability statements contained in the Management Report;
- the dual materiality analysis and related material issues.

Since illycaffè is a Benefit Corporation, the directors have specific obligations in addition to the ordinary ones provided for by the Italian Civil Code, which concern:

- balancing the interest of the shareholders, i.e., pursuit of profit, with pursuit of the purposes of common benefit, in accordance with the provisions of the Articles of Association;
- appointment of the person responsible (so-called Chief Impact Officer) to be entrusted with functions and tasks aimed at pursuing the purposes of common benefit;
- the approval of the objectives relating to the pursuit of the purposes of common benefit and their reporting.

The governance system adopted by the company provides for the Board of Directors to be supported by a **Sustainability Committee**, which plays a strategic role in the dissemination and monitoring of issues related to the environment, society and governance. It also supports management in the evolutionary path towards systemic governance of sustainability, in order to ensure its increasing integration in the group's strategies. With a view to fully integrating ESG issues, in 2024 the Sustainability Committee collaborated with the **Internal Control and Risk Committee** in carrying out the dual materiality analysis.

Among the objectives of the **Total Quality & Sustainability Department**, which reports directly to the Chief Executive Officer of illycaffè S.p.A., are the development and monitoring of the Sustainability Plan, coordinating and supporting the organisation in the implementation of initiatives and projects.

The **Strategy & Investor Relations Department**, also reporting directly to the Chief Executive Officer of illycaffè S.p.A., integrates the Sustainability Plan into the Strategic Plan, coordinates the reporting of ESG performance, enhancing its strategic relevance to the financial community and the main reference stakeholders.

The Total Quality & Sustainability and Strategy & Investor Relations Departments coordinate the **ESG Taskforce**, the committee set up by the group in 2022 with the aim of encouraging the continuous interaction of all company functions and all the skills necessary to pursue the group's sustainability process in an increasingly effective manner. Consisting of the Chief Executive Officer, all members of the Leadership Team[13], the head of the Risk & Compliance function and the head of the Legal function, the ESG Taskforce has among its objectives:

- the coordination and definition of the group's strategic priorities and sustainability objectives;
- the definition of plans and investments to achieve these objectives;
- the monitoring of projects' progress and the sustainability performance trend;
- the dissemination of a managerial culture on sustainability within the organisation.

Under the supervision of the Total Quality & Sustainability Department, these company functions are responsible for the implementation of the initiatives identified in the Sustainability Plan.

In addition, the **Diversity, Equity & Inclusion (DE&I) Committee** was established in 2023, which has been assigned appropriate resources, responsibilities and powers to pursue, achieve and maintain the established diversity, equity and inclusion objectives.

[13] The Leadership Team includes all the headquarters managers who report directly to the Chief Executive Officer.

MANAGEMENT OF MATERIAL TOPICS AND SUSTAINABILITY STRATEGY

Business model and value chain

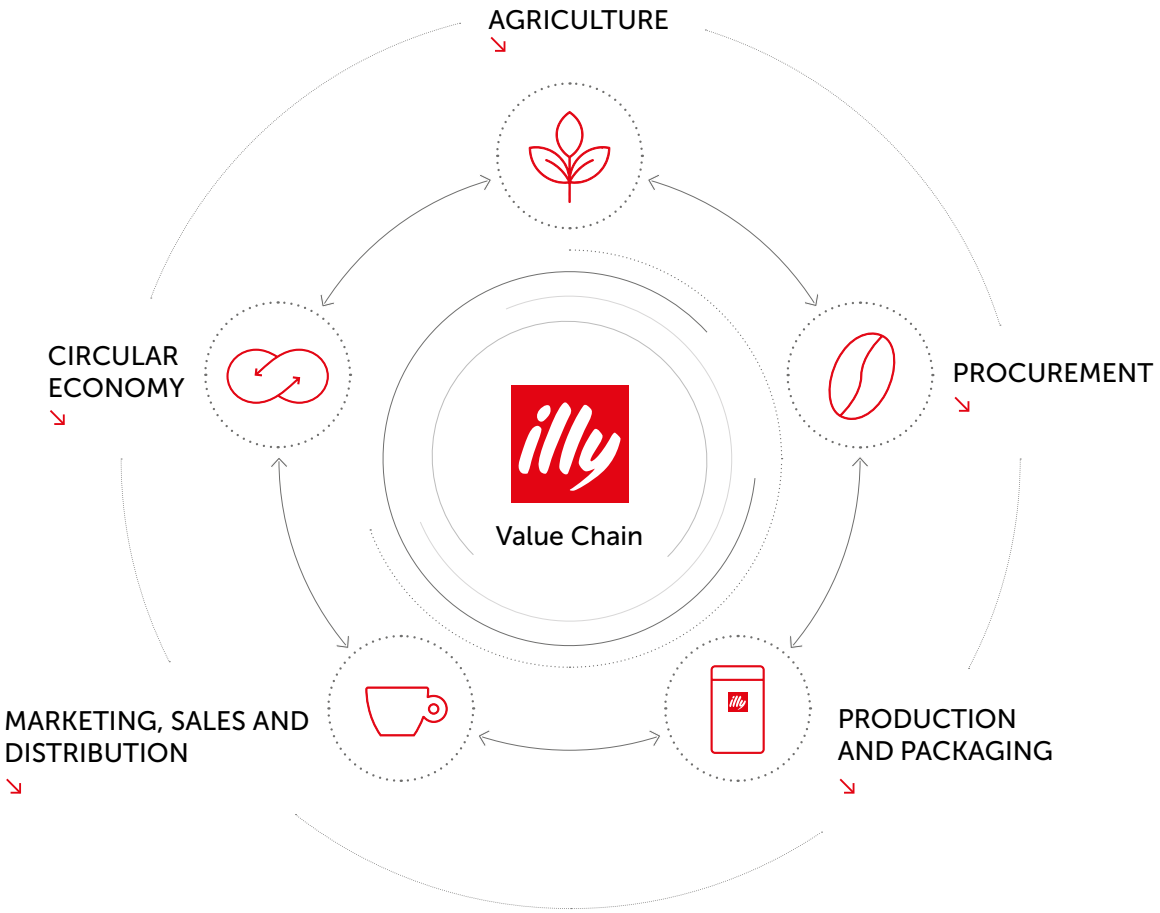
| GRI 2-6 |

Since its foundation, illycaffè has directed its strategies towards a sustainable business model, integrating economic and financial objectives with social and environmental aspects.

For illycaffè, the **virtuous sustainability circle** starts in producing countries through a sustainable procurement strategy focused on the transfer of knowledge and on the construction of sound and lasting human relationships, aimed at fostering a culture of excellence.

This strategy extends to every phase of its value chain, in line with its commitment to operating sustainably, from bean to cup. To achieve the best sustainable quality, the group collaborates closely with the main stakeholders along its value chain, starting with the countries where the finest Arabica is grown. In 2024, the group continued to pursue this strategy, oriented towards the creation of long-term sustainable value.

The illycaffè value chain consists of five key phases: agriculture, procurement, production and packaging, marketing, sales and distribution, and circular economy.



Agriculture

Sustainable coffee quality starts from the first step of its value chain: cultivation. illycaffè works together with coffee producers, supporting them in the adoption of regenerative agriculture practices, aimed at mitigating the effects of climate change and facilitating the preservation and restoration of biodiversity. The well-being of local communities has always been a priority for illycaffè, which has developed numerous projects mainly in the field of education, economic development and health. These initiatives are supported by ongoing scientific research with a particular focus on the relationship between environmental health and human health.

Procurement

Guaranteeing the sustainable quality of the materials used has always been one of illycaffè's founding values. Each supplier, be it raw materials, other materials, other goods or services, plays a fundamental role in the sustainable procurement process pursued by the group.

This phase involves a scrupulous selection of suppliers, to ensure compliance with high social and environmental standards, first and foremost respect for human rights. Over the years, illycaffè has built sound collaborations with the communities involved in the green coffee supply chain through a system of direct relations with producers, to whom the company recognises also financially the guaranteed sustainable quality. Logistics and transport of raw materials, in particular coffee from producing countries, are also optimised with a view to reducing their associated environmental impacts.

Production and packaging

The distinctive illycaffè blend is the result of the union of nine different varieties of the finest 100% Arabica coffee, expertly selected to ensure the unmistakable flavour that characterises the blend. The pursuit of excellence in the end product's quality is closely linked to environmental protection. illycaffè pursues this objective through conscious management of resources (energy, water and materials) during all stages of production (selection, roasting, packaging and pressurisation).

Marketing, sales and distribution

The group distributes its products through a multi-channel model (mainly through Ho.Re.Ca., Modern Trade, on-line, single-brand retail, OCS/Vending), both directly, through its own sales network, and indirectly, through a network of distributors, reaching 137 markets worldwide. Through its products, appreciated by consumers for their high sustainable quality standards, illycaffè wants to act as spokesperson and promoter of a culture of coffee excellence throughout the world. In pursuit of this vocation, the Università del Caffè was founded in 1999 to spread the culture of quality coffee throughout the world through training, research and innovation.

Circular economy

The principles of circular economy and eco-design, focused on a design based on the efficient use of resources and materials, guide strategic choices along all phases of the illycaffè supply chain, from procurement of materials to their disposal. This is also achieved through the use of methodologies such as Life Cycle Assessment (LCA), which makes it possible to assess and quantify the environmental impacts associated with a product and its life cycle, helping to reduce the amount of waste generated. In order to encourage virtuous processes for the protection of the environment and the responsible management of resources and materials, illycaffè adheres to numerous initiatives in the field of recovery and recycling of coffee capsules.

Stakeholders

| GRI 2-28 | GRI 2-29 |

illycaffè has always promoted proactive involvement of stakeholders that may influence or be influenced by its value chain activities.

The sustainable growth of the group in the long term also reflects the evolution of the relationship with its stakeholders and the attention that illycaffè pays to their expectations and needs. The involvement of the various stakeholders, based on open dialogue and transparency, makes it possible to build relationships capable of generating mutual benefits and shared value.

illycaffè maps its stakeholders according to the degree of influence exerted and according to three criteria: frequency of interactions, dependence of company operations, and geographic proximity to company sites.

First-level external stakeholders

Green coffee suppliers
Suppliers of goods and services
Local communities
Customers (B2B)
Consumers (B2C)
Lenders

Internal stakeholders

Employees and other collaborators
Shareholders and Board of Directors

Second-level external stakeholders

Ernesto Illy Foundation
Certification and control bodies
Advocacy groups and NGOs

During 2024, illycaffè conducted specific **stakeholder engagement** initiatives aimed at encouraging involvement, listening and dialogue. These initiatives aim to respond to identified needs and are monitored through performance indicators, which measure the impact of stakeholder engagement activities, ensuring that initiatives not only meet but anticipate stakeholder expectations.

Internal stakeholders	Engagement activities carried out in 2024
Employees and other collaborators	• Sharing of the Code of Conduct, Code of Ethics and Whistleblowing Guidelines; • Intranet and internal communication tools (e.g. podcasts); • Plenary meetings with the CEO to share company strategies, results and objectives; • On-boarding path for new employees; • Continuous online training; • Participation in ELIS - School4life, a corporate volunteering project in Italy; • Talent Assessment; • Identification of material topics and related impacts, risks and opportunities; • Engagement survey Intended for the production hub of the Trieste plant.; • Meetings for insights and awareness raising on DE&I issues through external testimonials.
Shareholders and Board of Directors	• Periodic meetings with board committees; • Periodic meetings with the Board of Statutory Auditors;

First-level external stakeholders	Engagement activities carried out in 2024
Green coffee suppliers (farmers, suppliers processing coffee, consortia and cooperatives, and exporters)	• Sharing of the Code of Ethics, 231 Organisational Model and Whistleblowing Guidelines; • Periodic monitoring; • Continuous improvement programs; • Mutual transfer of knowledge and training; • Meetings of Circolo illy and of Clube illy do Café; • Prêmio Ernesto Illy de Qualidade do Café para Espresso do Brazil; • Ernesto Illy International Coffee Award; • Active participation in institutional working groups (G7, Mattei Plan) and multi-stakeholder platforms (European Coffee Federation, Global Coffee Platform, International Coffee Organization, COP16).
Suppliers of goods and services (suppliers of semi-finished products, technologies, equipment, logistics services and consulting activities)	• Pre-qualification and qualification surveys; • Specific audits on quality issues; • Sharing the 231 Organisational Model, the Code of Ethics and the Code of Conduct.
Local communities (including families of employees and suppliers, schools, research institutes and trade associations)	• Training activities on sustainable agricultural practices and mutual knowledge transfer; • Ad hoc projects to support well-being, health and education (European Institute of Oncology, Italian League for the Fight against Cancer, Community of San Patrignano, Food for Soul); • Participation in conferences and events; • Partnerships with universities and research institutions; • Participation in working groups (e.g. International Coffee Organization, World Coffee Research).
Customers (B2B)	• Events, exhibitions and fairs; • Prospect tours, roadshows; • Interactions through customer care; • Training through the Università del Caffè; • Visits to the production plant; • Illy Chef Ambassador Program; • Artists of Taste Program.

First-level external stakeholders	Engagement activities carried out in 2024
Consumers (B2C)	• Market, customer segmentation and insights analyses; • Customer satisfaction analysis; • Customer Relationship Management; • Measuring the Customer Satisfaction Index and Net Promoter Score; • Interactions through customer care; • Pre- and post-sales assistance; • Feedback to complaints received; • Management of social media, digital channels and other media; • Training through the Università del Caffè; • Public events and demonstrations.
Lenders	• Ad hoc meetings; • Investor relations activities.

Second-level external stakeholders	Engagement activities carried out in 2024
Ernesto Illy Foundation	• Collaborations in scientific research, educational and advanced training projects and study conferences; • Participation in global surveys (World Happiness Report); • Organisation of events, seminars and workshops.
Certification and control bodies	• Audit for certifications; • Compliance audits; • Networking meetings with the B Corp Italia community.
Advocacy groups and NGOs	• Partnerships (e.g. Foundation for Sustainable Development, Italy4Climate); • Institutional meetings; • Active involvement in institutional roundtables and supranational organisations on sustainability issues (UN Global Compact Italy).

Management of impacts, risks and opportunities

| GRI 3-1 | GRI 3-2 | GRI 3-3 |

The sustainability aspects on which illycaffè focuses its management, monitoring and planning efforts were identified through a **dual materiality analysis**, which included the assessment of the following aspects:

- impacts that the organisation generates or could generate on the economy, society (including human rights aspects) and the environment, along the entire value chain;
- risks and opportunities that could have repercussions on the organisation's future cash flows and financial performance.

During 2024, illycaffè **voluntarily** prepared a dual materiality analysis, integrating the **impact materiality** analysis already carried out in 2023 with the **financial materiality** analysis, in light of the indications contained in the GRI Standard 3 - Material Topics of the GRI Universal Standards and the guidelines defined by the European Commission within the European Sustainability Reporting Standards (ESRS). The process, coordinated by the Total Quality & Sustainability and Strategy & Investor Relations units, involved all the main corporate units. In particular, with regard to the financial materiality analysis, the process involved the direct involvement of the Risk & Compliance unit, leveraging the methodology adopted within the Enterprise Risk Management (ERM) activities.

The dual materiality analysis process envisaged the following steps:

1

Context analysis.

The first phase of the process focused on the analysis of illycaffè's business model and value chain, as well as on the dynamics in the coffee sector, also through external sources, such as academic research, publications and international standards.

Specifically, consideration was given to Sector Standard GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022 and Industry Standard SASB 2018: Food & Beverage Sector - Agricultural Products. The needs and issues highlighted by the representatives of the main company functions that emerged during the multiple interactions with stakeholders that took place during the year were analysed in detail.

2

Identification of impacts, risks and opportunities (IRO)

Thanks to the context analysis and the interviews conducted with the company functions, it was possible to update the impacts identified in the impact materiality analysis, carried out in 2023, and to identify risks and opportunities in the financial materiality analysis, again with reference to the ESRS and in correlation with the topics, sub-topics and sub-sub-topics provided for by the ESRS 1 General requirement. In particular, risks identified within the scope of the ERM process were considered.

3

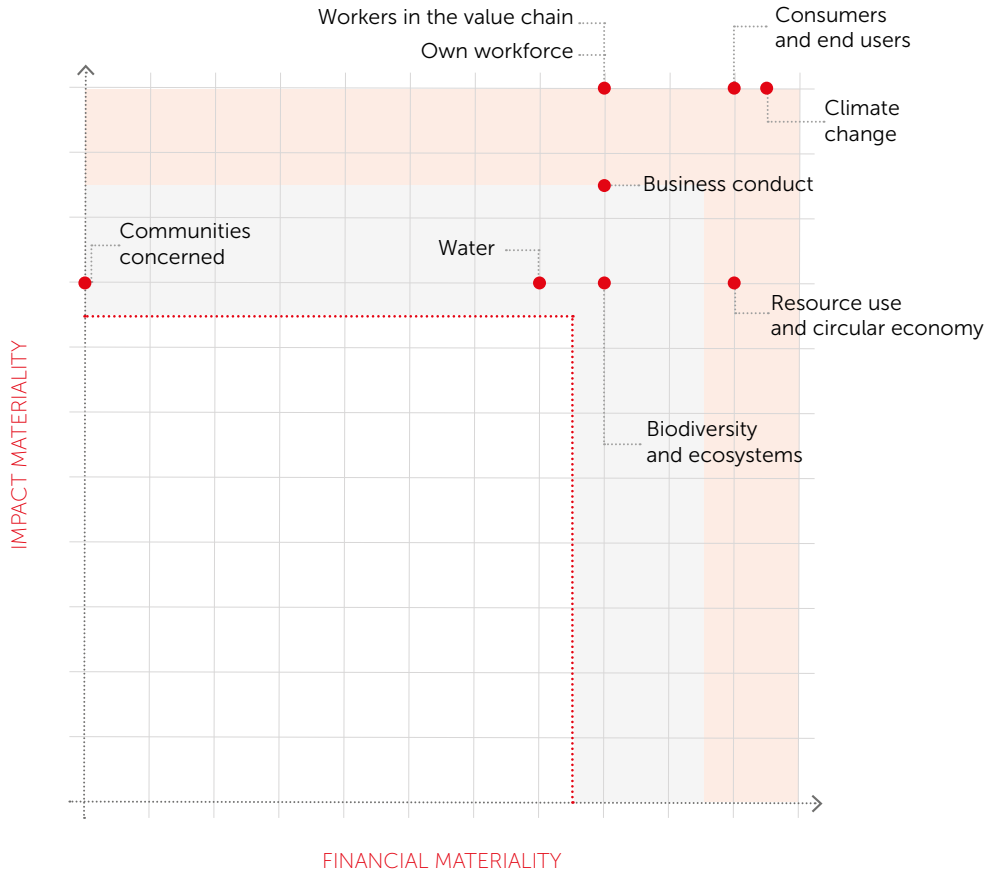
Assessment and approval of material topics

A score was assigned to each IRO based on its severity and associated probability, in line with the methodology used within the scope of the ERM process. The assessment of each IRO was carried out with the support of the reference company functions.

The score obtained made it possible to determine a materiality threshold and identify the most significant IROs, relating to 9 material topics, of which 6 critical and 3 significant.

Specifically:

- the environmental material topics "Climate Change," "Water," "Biodiversity and Ecosystems," and "Resource Use and Circular Economy" are central to illycaffè's efforts to promote decarbonisation, regenerative agriculture, sustainable management of natural resources, and product and packaging innovation in order to minimise the environmental impact of its activities;
- the social material topics "Own Workforce," "Workers in the Value Chain," "Affected Communities," and "Consumers and End-Users" represent illycaffè's commitments to respect human rights, inclusion of suppliers in its processes, diversity and inclusion (DE&I), and development of the skills and well-being of its employees;
- the governance material topic "Business Conduct" reflects illycaffè's approach to ethical and responsible governance, emphasising its commitment to maintaining transparent and collaborative business practices with all stakeholders.



The material topics were subject to approval by the ESG Taskforce, the Sustainability Committee, and illycaffè's Board of Directors.

4 Reporting and integration of material topics in the strategy

The material topics identified will guide the strategic priorities in the ESG field in the medium to long term and are the basis of the current Sustainability statements.

Below are the identified IROs for each material topic:

CATEGORY

- I Impact
- R Risk
- O Opportunity

TYPE

- + Positive
- – Negative

TIME HORIZON

- ● Actual
- ○ Potential

PHASE

- Upstream
- Own operations
- Downstream

Impacts, risks and opportunities		Category	Type	Time Horizon	Phase
Climate change	Use of fossil fuels resulting in generation of greenhouse gas emissions along energy-intensive supply chains and in illycaffè's facilities (plants, offices, warehouses)	I	–	●	Upstream, Own operations
	Use of nitrogen fertilizers in coffee plantations resulting in the generation of greenhouse gas emissions	I	–	●	Upstream
	Improper management of the end-of-life flow of packaging by customers and consumers	I	–	●	Own operations
	Extreme climatic events resulting in shrinkage of Arabica coffee growing areas with potential reduction in supply and subsequent increase in raw material cost	R			Own operations
	Extreme weather events at company production sites or strategic suppliers	R			Upstream, Own operations
	Delays in achieving decarbonisation targets resulting in potential reputational damage	R			Own operations
	Promotion of regenerative agriculture practices to enhance positive environmental effects, including biodiversity conservation and restoration	O			Upstream
Biodiversity and ecosystems	Generation of greenhouse gas emissions during activities related to coffee cultivation	I	–	●	Upstream
	Conservation and restoration of biodiversity and ecosystems through implementation of regenerative agriculture practices and ongoing field research	I	+	●	Upstream
	Adaptation to the changing European regulatory framework on deforestation (European Deforestation-free Products Regulation, EUDR) and contaminating pesticides	R			Upstream
Water	High consumption of water resources in the processing stages of raw materials (paper, aluminium) from which illycaffè sources its products and packaging (cardboard packaging, cans)	I	–	●	Upstream
Resource use and circular economy	Generation of production and unsold product waste	I	–	●	Own operations, Downstream
	Improper management by customers and consumers of the end-of-life flow of packaging that is not recyclable, compostable or reusable	I	–	●	Own operations
	Adaptation to the changing European Packaging and Packaging Waste Regulation (PPWR) framework	R			Upstream, Downstream
	Promotion of circular business models through strategic partnerships and initiatives to transform waste into new products	O			Upstream, Downstream

Impacts, risks and opportunities

		Category	Type	Time Horizon	Phase
Own workforce	Promotion of an equitable and inclusive work environment through talent development programmes, opportunities for personal and professional growth, and access to ongoing and targeted training initiatives	I	+	●	○ ● ○
	Ensuring workers' rights (working hours, freedom of association, collective bargaining, privacy)	I	+	●	○ ● ○
	Differences between contractual standards applied in specific countries compared to internationally recognized living wage benchmarks	I	–	○	○ ● ○
	Erosion of intellectual capital also due to externalities such as the introduction of artificial intelligence into business processes	R			○ ● ○
	Spread of emerging occupational diseases (e.g. coffee allergies) that could affect the workforce	R			○ ● ○
Workers in the value chain	Skills development and knowledge sharing through dedicated training activities with the aim of contributing to innovation and sector evolution	I	+	●	● ○ ○ ○ ●
	Increased awareness of occupational health and safety issues, requiring suppliers to meet rigorous standards	I	+	○	● ○ ○
	Accidents arising from activities performed under contract by third-party companies	R			○ ● ○
	Involvement of industrial suppliers capable of meeting high environmental standards and support in the decarbonisation process	O			● ○ ○
Affected communities	Direct use of local labour and suppliers to support supply chain development	I	+	●	○ ● ○
	Support for social projects aimed at reducing the fragile condition of local communities	I	+	●	○ ○ ●
Consumers and end users	Ensuring information transparency through packaging and digital touchpoints	I	+	●	○ ○ ●
	Absence of contaminants ensured through rigorous quality control activities for product safety	I	+	●	● ○ ○ ○ ● ○ ○ ●
	Reputational damage due to potential product recalls, defective packaging or non-compliant labelling	R			○ ○ ●
	Changes in customer and consumer expectations with respect to more sustainable packaging resulting in potential loss of business	R			○ ○ ●
	Increased market share related to the sale of additional products grown through regenerative agriculture practices and new technologies	O			○ ○ ●
Business conduct	Promotion of an ethical corporate culture and pursuit of sustainable development	I	+	●	○ ● ○
	Reputational damage due to potential failure to obtain ESG ratings, scores or certifications	R			○ ● ○
	Uncertainty of the EU and non-EU regulatory framework with potential implications in terms of compliance time and costs	R			○ ● ○
	Promotion of collaboration with NGOs and institutions that share illycaffè's values	O			○ ○ ●

Sustainability strategy

| GRI 2-22 |

The illycaffè group pursues a strategy of sustainable growth at every stage of the value chain and pays particular attention to the impacts generated on its stakeholders.

Through the dual materiality analysis, approved by the Board of Directors and performed in 2024 for the first time, illycaffè identified the fundamental drivers supporting its sustainable growth plan. These drivers also contribute to the achievement of the United Nations Sustainable Development Goals (SDGs). In particular, illycaffè recognised 12 SDGs as relevant to its business, in line with the material topics identified.

MATERIAL TOPICS	SDGS	SUSTAINABILITY STRATEGY DRIVER
Climate change	7 Affordable and clean energy; 13 Climate action	• Reduction of emissions, through dedicated training for green coffee growers and the application of regenerative agronomic practices in support of biodiversity protection and ecosystem restoration • Transition towards the use of renewable energy sources • Product innovation and development according to the principles of the circular economy
Water	14 Life below water	
Biodiversity and ecosystems	13 Climate action; 15 Life on land	
Resource use and circular economy	12 Responsible consumption and production	
Own workforce	5 Gender equality; 8 Decent work and economic growth; 12 Responsible consumption and production	• Elimination of the pay gap between women and men • Development of fair and merit-based career paths • Support for coffee growing communities through training and projects focused on education and health
Workers in the value chain	1 No poverty; 4 Quality education; 8 Decent work and economic growth	
Affected communities	8 Decent work and economic growth; 17 Partnerships for the goals	• Support to suppliers and local communities, through dedicated projects aimed at promoting collective well-being • Guarantee the end product's sustainable quality, safeguarding the health and safety of consumers
Consumers and end users	3 Good health and well-being; 10 Reduced inequalities; 12 Responsible consumption and production	
Business conduct	5 Gender equality; 8 Decent work and economic growth; 10 Reduced inequalities	

The identified drivers are also aligned with the specific **purposes of common benefit**, envisaged at statutory level from 2019, and focused on the creation of economic value for stakeholders, on the pursuit for well-being in the areas of coffee cultivation, fuelling a virtuous circle between producers and consumers and, lastly, on the promotion of regenerative agronomic practices, aimed at preserving biodiversity and the renewal of ecosystems.

Find out more
Purposes of common benefit

Finally, illycaffè has been **B Corp®** certified since 2021 and pursues a development course consistent with the founding principles of the standard, based on five fundamental pillars: Governance, Workers, Environment, Community and Customers.

The group periodically monitors its performance in these areas through a self-assessment process carried out through the B Impact Assessment (BIA), which provides a snapshot of the management and progress status regarding its sustainability performance.

Through the recertification process, which concluded in March 2024, the B Lab body awarded illycaffè a score of 90.4 (+9.7 points compared to 2021).

ASSESSMENT OF THE IMPACT GENERATED

B Impact Score:	90.4
Governance:	17.5
Workers:	23.3
Environment:	20.5
Community:	23.1
Customers:	5.7

PURPOSES OF COMMON BENEFIT

1 Help reduce risks in the coffee supply chain by promoting actions to adapt coffee growing to climate change

2024 GOAL
Modelling green coffee supply chains by classes of CO2 equivalent emissions

RESULTS
Goal achieved: Reduction in emission factors of approx. 25% confirmed compared to average values in reference databases

Find out more
Biodiversity and ecosystems

2025 GOAL
Continue the collection of increasingly timely primary data along coffee supply chains with the goal of fostering production that is more sustainable and resilient to the effects of climate change

2 Contribute to climate change mitigation through socio-economically sustainable investments

2024 GOAL
Promote the training of players in caffeine supply chains on regenerative agriculture and decarbonisation issues

RESULTS
Goal achieved: 503 hours of training delivered (+45.8% vs. 2023)

Find out more
Workers in the value chain

2025 GOAL
Continue to promote the training of players in caffeine supply chains on regenerative agriculture and decarbonisation issues

3 Promote global initiatives and partnerships to improve sustainability through research and knowledge transfer

2024 GOAL
Confirm illycaffè's role as a partner, promoter and operational player in scientific research activities in the agricultural and coffee sectors at national and international levels

RESULTS
Goal achieved: Six scientific research and training projects and collaboration with Universities supported; confirmed participation in the Masters in Coffee Economics and Science - Ernesto Illy

Find out more
Biodiversity and ecosystems

2025 GOAL
Reconfirm illycaffè's role as a partner, promoter and operational player in scientific research activities in the agricultural and coffee sectors at national and international levels

4 Promote a healthy lifestyle, promoting the health benefits of coffee

2024 GOAL
Confirm illycaffè's role as a partner, promoter and operational player in scientific research activities at national and international levels

RESULTS
Goal achieved: Membership of the Executive Board of ISIC (Institute for Scientific Information on Coffee) confirmed

Find out more
Customers and consumers

2025 GOAL
Reconfirm membership of the Executive Board of ISIC (Institute for Scientific Information on Coffee)

5 Promote improvement of quality of life through social sustainability, working environment and coffee culture.

2024 GOAL
Promote social projects in the areas of health and development of local communities in Italy

RESULTS
Goal achieved: Support for the Food for Soul non-profit organisation and for the Community of San Patrignano guaranteed

Find out more
Support to local communities

2025 GOAL
Reconfirm support for current projects, expanding support to other entities in the local area

6 Promote social development in areas growing coffee, fuelling the virtuous circle of well-being for those who consume it and economic value for those who produce it.

2024 GOAL
Promote social projects in the areas of education, health and development of coffee-growing communities in producer countries

RESULTS
Goal achieved: Projects in Guatemala, Costa Rica, Nicaragua, Brazil and Rwanda supported, also thanks to the support of the Ernesto Illy Foundation

Find out more
Workers in the value chain

2025 GOAL
Continue to promote social projects in the areas of education, health and development of coffee-growing communities in producer countries

7 Minimise consumption of natural resources through production efficiency and processing of renewable or recyclable raw materials

2024 GOAL
Continue in the process of energy transition by making production processes and performance more efficient

RESULTS
Objective achieved: Work started on a new roasting system at the Trieste plant and the installation of a photovoltaic system at the Robecchetto con Induno plant

Find out more
Climate change

2025 GOAL
Complete the installation of the photovoltaic system at the Robecchetto plant with Induno

8 Combat all types of residues, such as greenhouse gases, pollutants, waste and litter, through the promotion of regenerative agronomic practices and balancing production and disposal processes

2024 GOALS
- Development and market launch of portioned products that are compostable or have recyclable packaging
- Upcycling of the by-product arising from the Trieste plant's coffee processing, allocating it to a cosmetics, nutraceuticals or design supply chain

RESULTS
Goals achieved:
- Launch of industrially compostable MPS capsules in Classico, Intenso and Decaffeinated variants for the OCS/ Vending channel
- Activation of 2 projects for the use of silverskin in the packaging and cosmetics sectors

Find out more
Customers and consumers
Resource use and circular economy

2025 GOALS
- Continue development and launch of recyclable and compostable products and packaging
- Implementation of at least 1 project for upcycling waste from coffee production to a cosmetics, nutraceuticals or design supply chain

9 Promote biodiversity preservation and carbon sequestration through regenerative agronomic practices and ecosystem renewal

2024 GOAL
Assessment of the impacts of selected regenerative models

RESULTS
Goal achieved: 319 plantations monitored which on average adopted 70.2% of regenerative agriculture practices (-5.8 p.p. vs. 2023), 77.7% of measures to reduce the use of synthetic agrochemicals (+0.7 p.p. vs. 2023) and 71.3% of soil protection practices (+2.3 p.p. vs. 2023)

Find out more
Biodiversity and ecosystems

2025 GOAL
Incentivise the implementation and scalability of regenerative agriculture practices, which make less use of synthetic agrochemicals and in favour of soil protection

Environmental information

CLIMATE CHANGE

Climate-altering emissions

| GRI 3-3 | GRI 305-1 | GRI 305-2 | GRI 305-3 |

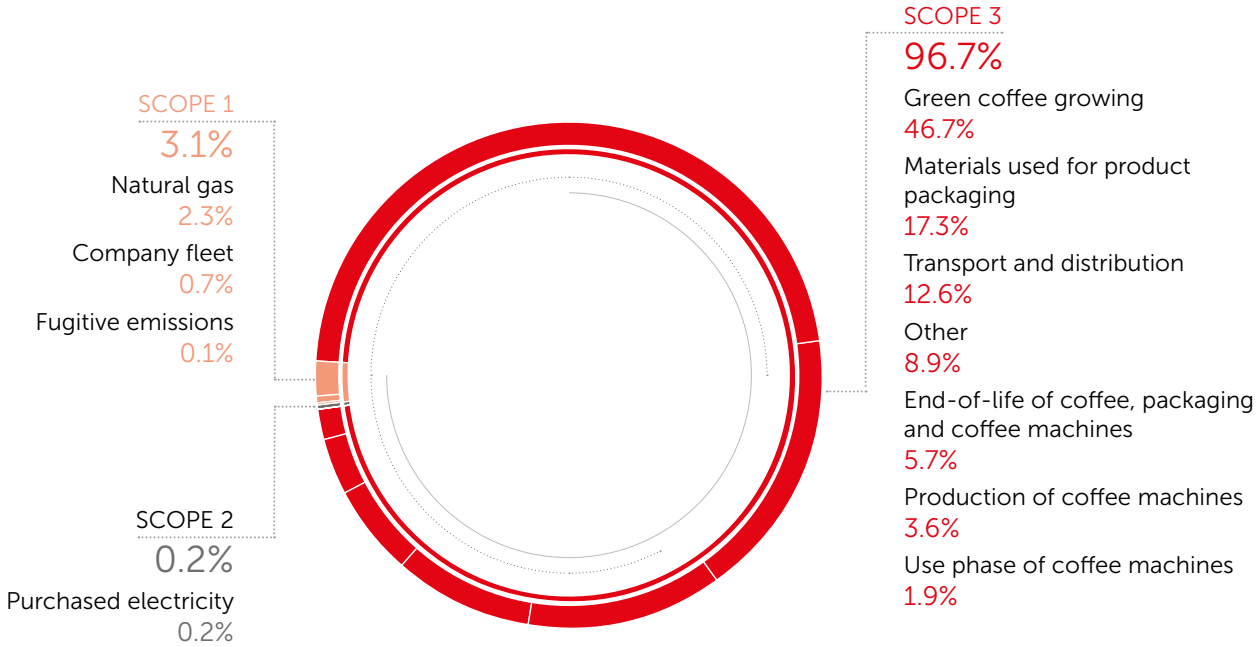
| GRI 305-4 |

Aiming to counter and mitigate the effects of climate change, in 2024 illycaffè outlined a strategy to gradually reduce greenhouse gas emissions generated along its value chain. The **decarbonisation strategy** identified envisages two milestones: a near-term target for 2033, the centenary of illycaffè's founding, and a long-term target (Net Zero[14]) for 2050.

The targets developed by illycaffè have been validated by Science Based Targets initiative (SBTi), a global initiative that has developed a methodological approach to define greenhouse gas emission reduction targets aligned with the scientific evidence needed to limit global warming. The first roaster in Italy to have its targets verified by SBTi, illycaffè is committed to pursuing targets in line with the scenarios of the Paris Agreement, which aims to contain global temperature increase well below 2°C compared to pre-industrial levels, with a commitment to limit it to 1.5°C.

In line with this ambition, in 2024 illycaffè completed the CDP questionnaire (an international non-profit organisation that provides a disclosure system aimed at measuring climate performance in the private sector) for the first year, achieving a B (Full Management) score on a scale of A to D. In light of the results from the questionnaire, illycaffè will implement an action plan during 2025 aimed at further consolidating transparency in the disclosure of its climate change commitments and achievements.

The analysis conducted on illycaffè's carbon footprint in 2024 using the market-based[15] calculation method showed that the majority of emissions (96.7%, substantially in line with the previous year) fall under Scope 3 and are, therefore, produced outside of company operations. Emissions falling within the scope of illycaffè's activities (Scope 1 and 2), on the other hand, account for the remaining part (3.3%).



[14] Net Zero indicates the achievement of a balance between greenhouse gas emissions generated and those removed from the atmosphere, in accordance with the European Commission's goals for climate neutrality by 2050.

[15] The market-based method requires the determination of GHG emissions deriving from the purchase of electricity and heat considering the specific emission factors communicated by suppliers. For purchases of electricity from renewable sources, an emission factor of zero is attributed with regard to Scope 2. On the other hand, the location-based method envisages accounting for emissions deriving from electricity consumption, applying national average emission factors for the various countries where electricity is purchased.

Total emissions recorded in 2024 were 255,077.1 t CO_2eq, up 5.4% compared to 2023 due to a significant increase in green coffee purchased (+16.2% compared to 2023) in support of the **organic growth** of the group. Specifically:

- **Scope 1** emissions, i.e. emissions directly generated by illycaffè during fuel consumption (whose main source of emissions is natural gas, which accounts for 65.7%), were equal to 7,890.7 t CO_2eq, an increase of 12.0% compared to 2023, due to the effect of greater volumes produced;
- **Scope 2** emissions, i.e. indirect emissions linked to the consumption of purchased electricity, mainly derive from production sites activities and were equal to 531.4 t CO_2eq, a 55.9% reduction compared to 2023, due to the purchase of electricity from renewable sources;
- **Scope 3** emissions, i.e. emissions indirectly linked to illycaffè and generated along its value chain, amounted to 246,655.0 t CO_2eq, a 5.5% increase compared to 2023, mainly due to greater green coffee volumes purchased.

GREENHOUSE GAS EMISSIONS (t CO_2eq)

	2024	2023
Scope 1 emissions	**7,890.7**	**7,047.7**
Natural gas used for the production process	5,180.4	4,581.3
Heating fuels	774.1	684.6
Fugitive emissions	211.3	205.9
Company fleet emissions	1,724.9	1,576.0
Scope 2 emissions	**531.4**	**1,203.5**
Emissions deriving from electricity consumption (market-based)	531.4	1,203.5
Emissions deriving from electricity consumption (location-based)	5,708.2	6,205.8
Scope 3 emissions	**246,655.0**	**233,758.2**
Upstream	**212,742.0**	**204,659.9**
Goods and services purchased	187,622.6	172,122.1
Activities related to fuels and energy not included in Scope 1 and 2	2,184.2	2,172.3
Upstream transport and distribution	18,203.7	26,016.6
Waste generated by operations	1,133.8	1,100.5
Business travel	682.9	527.9
Commuting by employees	2,914.9	2,720.4
Downstream	**33,913.0**	**29,098.2**
Downstream transport and distribution	13,891.7	5,946.2
Use of products sold	4,968.4	5,499.1
End-of-life treatment of products sold	14,480.7	17,086.6
Downstream leased assets	572.2	566.4
Total	**255,077.1**	**242,009.5**

With regard to greenhouse gas emissions generated, illycaffè analyses the performance of its production processes by means of the **emission intensity** indicator, comparing total tonnes of CO_2eq emissions (calculated with the market-based method) with tonnes of roasted coffee. In 2024, this indicator was equal to 10.0 t CO_2eq/t of roasted coffee (-4.0% compared to 2023).

Pollutant emissions

Pollutant emissions from production processes come mainly from coffee roasting and consist of the emission of dust, nitrogen oxides (NOx), Total Organic Carbon (TOC) and volatile organic compounds (VOC).

Directive 2010/75/EU and its 2012 amendment, concerning integrated pollution prevention and control, introduced parameters to control polluting emissions of NOx and TOC for roaster chimneys. In 2024, the values for the Trieste and Robecchetto con Induno (Milan) plants were always below the emission limits indicated by the regional authorities.

Any dust production resulting from the pneumatic transport of coffee is handled directly on the systems through which coffee transits, equipped with suction and filter devices for dust sedimentation. Storage and loading silos are equipped with the same technology.

Energy

| GRI 3-3 | GRI 302-1 | GRI 302-3 |

illycaffè promotes responsible management of energy resources through careful and constant monitoring, aimed at analysing and optimising the use of energy, both in production sites and in the companies within its scope.

The illycaffè group's energy requirement for 2024 was 145,565.4 GJ[16], an increase of 11.0% compared to 2023, due to the effect of greater volumes produced.

In line with previous years, over 90% of energy consumption continued to be linked to the activities of the production sites in Trieste, Robecchetto con Induno (Milan) and Els Hostalets (Barcelona, Spain). The main energy sources used throughout the production process are natural gas (methane), diesel and electricity. Methane is used for 87.0% (-1.6 p.p. compared to 2023) in the roasting phase by the Trieste and Robecchetto con Induno (Milan) production sites, with the remainder being used for domestic water and heating.

35.3% of the illycaffè group's energy requirements are derived from renewable sources (-1.3 p.p. compared to 2023). In particular, 96.4% of the electricity used comes from renewable sources (+1.3 p.p. compared to 2023) and is purchased through certificates of guarantee of origin For the Parent Company, this indicator stands at 100%.

ENERGY CONSUMPTION (GJ)

	2024	2023
Petrol consumption	4,190.7	2,850.3
Diesel consumption	13,788.2	14,339.3
Ethanol consumption	140.8	50.0
Electricity consumption	0.0	40.7
Total consumption of the car fleet	**18,119.6**	**17,280.2**
Consumption of natural gas for heating	9,662.3	7,862.8
Total consumption of heating fuels	**9,662.3**	**7,862.8**
Consumption of natural gas for production uses (e.g. roasting)	64,443.5	55,465.4
Consumption of diesel for production uses	225.9	241.1
Total consumption of the production process	**64,669.4**	**55,706.5**
Electricity acquired from renewable sources	51,228.4	47,895.1
Electricity acquired from non-renewable sources	1,885.7	2,446.7
Total electricity consumption	**53,114.1**	**50,341.8**
Total	**145,565.4**	**131,191.2**

Petrol and diesel values have been updated based on actual consumption, revised following the publication of the 2023 Annual Report. However, the change is not considered significant, as it is less than 2%.

illycaffè also analyses the performance of its production processes through an **energy intensity** indicator, which measures the ratio of all the group's energy consumption to coffee roasted. In 2024, this indicator was 5.7 GJ/t of roasted coffee, in line with the previous year.

illycaffè's energy transition continued also in 2024 with the aim of improving efficiency and resource consumption by means of the application of best practices and innovative solutions: The initiatives carried out during the year worthy of mention include:

- start of work on the installation of a 460 kWp photovoltaic system at the Robecchetto con Induno plant, which will allow an annual energy production of 530,000 kWh and cover more than 20% of the annual needs of the production site;
- relamping activity at the Trieste plant within the department dedicated to the production of 3 kg, 1.5 kg and Soft Can cans, which has enabled its consumption efficiency to be increased by 50%;
- implementation of tools for remote monitoring of the coffee packaging and roasting lines at the Trieste plant, which allows constant monitoring and analysis of specific product consumption.

[16] The consumption in GJ was determined using the 2024 conversion factors of the UK Department for Environment, Food and Rural Affairs (DEFRA).

BIODIVERSITY AND ECOSYSTEMS

| GRI 3-3 |

For illycaffè, the conservation and restoration of biodiversity and ecosystems represent strategic, priority and essential factors to guarantee the resilience of the coffee sector in the long term.In particular, the adoption of increasingly integrated agricultural practices represents a key factor in countering the effects of climate change and, at the same time, intensifying the production of sustainable quality coffee per hectare. In this context, regenerative **agriculture represents** a set of agricultural practices that, among other benefits, helps reverse the effects of climate change, reducing greenhouse gas emissions, rebuilding soil organic matter, and restoring biodiversity, especially in the soil.

In 2024, illycaffè continued its activities of collecting high-quality primary data in the field along the supply chains in Central and South America. These activities focused on identifying the main sources of greenhouse gas emissions and analysing emission factors with the aim of further refining the carbon footprint calculation. In line with the findings in 2023, the analyses confirmed a reduction of approx. 25% compared to the average emission factors found in commonly used databases.

Mapping of regenerative agriculture practices used in the various origins continued in 2024, promoting their scalability to different regions with similar contexts. This mapping also concerned the implementation of practices aimed at preserving and restoring biodiversity, especially soil biodiversity, and with reduced use of synthetic agrochemicals. On the basis of the strict criteria identified by the illycaffè Coffee Procurement team, the 319 plantations monitored during the year implemented on average:

- 70.2% of regenerative agriculture practices (-5.8 p.p. compared to 2023);
- 77.7% of practices aimed at reducing the application of synthetic agrochemicals (+0.7 p.p. compared to 2023);
- 71.3% of practices promoting soil protection (+2.3 p.p. compared to 2023).

To achieve its decarbonisation targets and with a view to continuous improvement, illycaffè's goal is to scale up the implementation of such practices on 100% of the plantations it sources from by 2030. This approach ensures that every purchase contributes positively not only to the sustainable quality of the final product, but also to the health of the environment and the well-being of the producers, workers and communities involved in the growing process.

Also in this direction is the partnership with the Yara Group, a world leader in the development and marketing of nitrogen and low-impact fertilisers, which also in 2024 helped study the impact of regenerative agriculture on soil productivity, the quality of coffee grown and the greenhouse gas emissions produced, while measuring soil biodiversity by collecting data through precision farming.

Constant supply chain monitoring has facilitated and benefited illycaffè in preparing for the entry into force of the European Deforestation-free Products Regulation (EUDR), helping to further strengthen its supply chain monitoring model. In particular, in line with the requirements of the EUDR, illycaffè undertakes not to purchase coffee from deforestation-prone areas starting in 2026. During 2024, the Coffee Procurement team made it a priority to collect data on the geolocation of the plantations it sources from, verifying their compliance with the criteria set by the EUDR and ensuring that all plantations meet the requirements of the Regulation.

Scientific research

Virtuous Agriculture®

A holistic research and scientific training project that, under the leadership of President Andrea Illy, combines sustainable agriculture with a focus on the regeneration of the environment, enriching the soil with organic carbon. Virtuous Agriculture® has a twofold benefit: for the environment, through the sequestration of carbon and the reduction of contaminants, and for human health, through natural nutritional products. In 2024, research activities continued in collaboration with the Faculty of Agricultural Sciences and Biotechnology of the University of Udine as part of a three-year PhD project. Research activities, focused on the in vitro production of metabolites of nutraceutical interest, resulted in an article published in the scientific journal Plant Cell, Tissue and Organ Culture. *Read the article*

ECOFFEE R&D

The initiative brings together expertise and resources from key scientific, industrial and agricultural stakeholders in the coffee sector to identify solutions that gradually reduce pesticide use. During 2024, activities continued on the second phase of the initiative, focusing on the collection of primary field data in Costa Rica and Brazil, to assess the effects of the reduced use of pesticides both for the purposes of agronomic performance and coffee quality, as well as for the impact on the environment.

Sequencing of the Coffea arabica genome

The collaboration with Lavazza and the Istituto di Genomica Applicata (IGA - Institute of Applied Genomics) of Udine continued in 2024 on experimental activities, aimed at improving the quality of the Coffea arabica genome, already available on the World Coffee Research website, which resulted in a paper published in the scientific journal Nature Communications. *Read the article*

Scientific collaborations with universities

In 2024, the scientific collaboration agreement with the Bicocca University of Milan, which included study and research activities relating to the characterisation of coffee through advanced MS-imaging techniques, continued. Some results were published in the scientific journal Pure & Applied Chemistry.

BOLERO

The project, part of the Horizon Europe programme, aims to fine-tune the agronomic technique of grafting to make coffee production more sustainable and, with the latter, analyse the interactions that occur between plant and soil. The four-year project, which began in October 2022, also saw illycaffè's support for 2024.

EVOQUE

The project aims to develop a new sensory system for the detection of volatile organic compounds. This system, based on photonics, could be applied in sectors such as agriculture and food, but also in monitoring environmental pollution and industrial emissions. The project, which began in 2024, involved illycaffè as a promoter and operational actor.

WATER

| GRI 3-3 | GRI 303-1 | GRI 303-2 | GRI 303-3 | GRI 303-5 |

Water is a fundamental resource for illycaffè and must be protected.

In 2024, the amount of water withdrawn by production plants was 35.4 megalitres (down 7.4% compared to 2023). Only 0.2% of withdrawals come from water-stressed areas[17] (Catalonia, Spain), down compared to the previous year (0.4%).

WATER WITHDRAWALS (megalitres)

	2024	2023
Surface water	0.1	0.2
of which from water-stressed areas	100%	100%
Groundwater	35.3	38.1
of which from water-stressed areas	0%	0%
Total	**35.4**	**38.2**

The figures shown include water withdrawals from the production facilities of illycaffè S.p.A. (Trieste and Robecchetto con Induno, Milan) and Magic L'Espresso S.L. (Els Hostalets, Barcelona).

Water intensity (m^3 of water withdrawn per tonne of roasted coffee) stood at 1.4 m^3/t, a reduction compared to the previous year (1.7 m^3/t).

In 2024, the amount of water consumed at production plants was 6.9 megalitres (down 2.5% compared to 2023) and accounts for 19.5% of total water withdrawals.

Consumption at the Parent Company's production sites reached almost all of the illycaffè group's consumption. Here, water is consumed in the roasting process, in the form of evaporated water, and for the operation of cooling systems.

The Parent Company carries out periodic meter readings and closely monitors all the devices that use the water mains (taps, toilet flushes, showers, irrigation systems), identifying efficiency opportunities. In particular, some hidden water leaks were detected more accurately during 2024, and timely action was taken to contain them.

RESOURCE USE AND CIRCULAR ECONOMY

Materials

| GRI 3-3 | GRI 301-1 | GRI 301-2 |

illycaffè has always favoured the use of materials with a reduced environmental impact and which, at the same time, do not affect the superior quality of the final product.
Overall, 76.8% of the materials purchased by illycaffè in 2024 are **renewable**[18] (+2.2 p.p. compared to 2023) and 8.9% originate from **recycling** (+0.8 p.p. compared to 2023). The remainder derives from first use sources, also in line with the provisions of Regulation (EC) no. 1935/2004, which regulates the use of recycled materials in direct contact with food.

Almost all of the raw materials used by illycaffè in 2024 were green coffee (98.9%), while nitrogen, the gas used in the pressurisation phase, accounted for 94.6% of the materials used during the production process. As regards the packaging purchased by the group in 2024, the main categories continue to be, as in the previous year, metals, plastics, paper and cardboard and textiles. In particular, tinplate accounted for 42.0% (+4.8 p.p. compared to 2023) and was mainly used for the creation of the iconic jars for the Ho.Re.Ca. channel and for home consumption. Plastic accounted for 29.9% (-4.5 p.p. compared to 2023) and was mainly used in the production of Iperespresso capsules. This category also includes polylaminate materials in plastic-aluminium, used for the Soft Can jars and for Iperespresso capsules packaging., and plastics used to make industrially compostable MPS capsules according to the EN 13432:2000 standard. Paper and cardboard accounted for 27.8% (-0.4 p.p. compared to 2023) and were mainly used for the secondary packaging necessary for product transport. Jute, used for transporting coffee, and cotton, used by Magic L'Espresso's production site for packaging coffee machines, accounted for 0.3% (+0.1 p.p. compared to 2023).

[17] Water stress areas were identified using the World Resources Institute's Aqueduct Water Risk Atlas tool. Areas in the "extremely high water stress (>80%) category were considered.

[18] Materials derived from resources abundant in nature that are rapidly replenished via ecological cycles or agricultural processes, so that the services provided by these and other related resources are not compromised and remain available for future generations.

RAW MATERIALS AND PURCHASED MATERIALS

	2024		2023	
	kg	%	kg	%
Raw materials	**31,464,297.3**		**27,311,995.2**	
Green coffee	31,107,374.3	98.9%	26,849,369.2	98.3%
Polypropylene	356,923.0	1.1%	462,626.0	1.7%
Materials necessary for the production process (including packaging and machinery maintenance)	**3,923,915.6**		**3,734,257.7**	
Carbon dioxide	211,300.0	5.3%	205,880.0	5.5%
Nitrogen	3,712,566.6	94.7%	3,528,297.7	94.5%
Lubricating oils	29.0	0.0%	50.0	0.0%
Degreasing solutions	20.0	0.0%	30.0	0.0%
Semi-finished products or components	**119,605.0**		**127,245.0**	
Steel	75,665.0	63.3%	82,808.0	65.1%
Aluminium	17,712.0	14.8%	16,906.0	13.3%
Cables	3,843.0	3.2%	3,960.0	3.1%
Electrical components	3,182.0	2.7%	3,134.0	2.5%
Brass	3,992.0	3.3%	4,944.0	3.9%
Plastic	15,211.0	12.7%	15,493.0	12.2%
Packaging	**15,518,719.2**		**15,407,124.0**	
Paper and cardboard	390,137.0	2.5%	313,805.0	2.0%
Cardboard	3,866,672.0	24.9%	3,948,096.0	25.6%
Filter paper	60,194.0	0.4%	90,120.0	0.6%
Plastic	3,850,483.4	24.8%	3,951,376.0	25.6%
Compostable plastic	3,553.0	0.0%	0.0	0.0%
Aluminium polylaminate plastic	790,337.7	5.1%	1,345,624.0	8.7%
Metals (aluminium)	1,341.0	0.0%	0.0	0.0%
Metals (tinplate)	6,516,902.0	42.0%	5,730,052.0	37.2%
Textiles (cotton, jute)	39,099.0	0.3%	28,051.0	0.2%
Total	**51,026,537.1**		**46,580,621.9**	

The figures shown include raw materials and materials purchased by the production facilities of illycaffè S.p.A. (Trieste and Robecchetto con Induno, Milan) and Magic L'Espresso S.L. (Els Hostalets, Barcelona).

Waste

| GRI 3-3 | GRI 306-1 | GRI 306-2 | GRI 306-3 |

| GRI 306-4 | GRI 306-5 |

In 2024, the illycaffè group produced 2,191.1 tonnes of waste, an increase of 5.5% compared to the previous year, taking into account the increase in the volumes of coffee sold (+8.0%).

The main categories of non-hazardous waste produced by the group are plastic (22.3%, +11.2 p.p. compared to 2023), paper and cardboard (21.5%, +2.2 p.p. compared to 2023) and coffee bean skin (12.1%, +2.1 p.p. compared to 2023).

Hazardous waste accounted for a small percentage, equal to 0.3%, in line with the previous year.

WASTE GENERATED BY COMPOSITION

	2024		2023	
	t	%	t	%
Other non-hazardous waste	53.1	2.4%	23.3	1.1%
Discarded equipment	31.8	1.5%	16.0	0.8%
Tinplate	81.1	3.7%	66.4	3.2%
Card and cardboard	470.6	21.5%	399.5	19.3%
Iron and steel	41.3	1.9%	17.8	0.9%
Jute	51.9	2.4%	55.6	2.7%
Filtering materials	38.2	1.7%	33.4	1.6%
Wood pallets	119.1	5.5%	119.0	5.7%
Films	264.3	12.1%	206.7	10.0%
Plastic	487.7	22.3%	230.7	11.1%
Aluminium polylaminate plastic	83.1	3.8%	172.5	8.3%
Municipal solid waste	221.0	10.1%	234.5	11.3%
Liquid coffee waste	79.4	3.6%	78.5	3.8%
Ground coffee waste	162.0	7.4%	417.0	20.1%
Total non-hazardous waste	**2,184.5**		**2,070.9**	
Other hazardous waste	4.2	63.4%	4.0	67.3%
Containers with solvents	0.0	0.6%	0.2	3.9%
Oily emulsions	2.4	36.0%	1.7	28.8%
Total hazardous waste	**6.6**		**5.9**	
Total waste	**2,191.1**		**2,076.7**	

The figures shown include waste generated by the production facilities of illycaffè S.p.A. (Trieste and Robecchetto con Induno, Milan) and Magic L'Espresso S.L. (Els Hostalets, Barcelona).

In 2024, the group continued to carry out stringent controls on the management of its waste, of which 94.0% was recovered (-2.4 p.p. compared to 2023).

WASTE GENERATED BY DISPOSAL METHOD

	2024			2023		
	Hazardous waste (t)	Non-hazardous waste (t)	Total (t)	Hazardous waste (t)	Non-hazardous waste (t)	Total (t)
Reuse	0.0	0.0	0.0	0.0	0.0	0.0
Recycling	0.0	0.0	0.0	0.0	32.7	32.7
Other recovery operations	6.1	2,054.5	2,060.5	4.5	1,965.3	1,969.7
Waste-to-energy	0.0	0.0	0.0	0.0	0.0	0.0
Incineration	0.0	0.0	0.0	0.0	0.0	0.0
Landfill	0.6	112.3	112.8	0.0	0.3	0.3
Other disposal operations	0.0	17.8	17.8	1.4	72.6	74.0
Total	**6.6**	**2,184.5**	**2,191.1**	**5.9**	**2,070.9**	**2,076.7**

The figures shown include waste generated by the production facilities of illycaffè S.p.A. (Trieste and Robecchetto con Induno, Milan) and Magic L'Espresso S.L. (Els Hostalets, Barcelona).

Circular economy

| GRI 3-3 |

The circular economy is a key issue for illycaffè, which integrates ecodesign principles into the research and development of its products. The goal is to optimise disposal and disassembly processes, making them more efficient. These principles find application not only in consumable but also in durable products. In particular, the "design for disassembling" criterion guides the design of coffee machines, allowing most of their components to be reused or recycled.
For years, illycaffè has been conducting studies and experiments to exploit coffee production waste, most of which is used as organic fertilizer. In parallel, experimental work has continued on silverskin, the thin silvery film that adheres to the green coffee bean and separates during the roasting process.

In particular, in 2024 illycaffè joined the **RECOBIOPACK** (REcycling COffee waste: BIOprocessing and green chemistry cascades towards functional additives for food PACKaging) initiative, coordinated by the Department of Environmental Science and Policy of the University of Milan. The research project aims to exploit the silverskin in food packaging by transforming its fats into substances that can be used for the synthesis of polymeric materials or as additives. What remains of the silverskin is then processed into cellulose.

2024 also saw activation of the collaboration with Amarey for the use of silverskin as a by-product in the cosmetics industry. Founded by the fourth generation of the Illy family, **Amarey** is a start-up company active in the creation of natural ingredients in the cosmetic, nutraceutical and perfumery sectors. Aiming to develop innovative, cutting-edge technologies, Amarey has launched a regenerative skincare line derived from Coffea arabica extracts. The partnership with illycaffè once again demonstrates the group's commitment to the exploitation of production with a view to the circular economy paradigm.

In 2024, illycaffè joined **Regusto**, a digital platform specialising in sustainable and traceable waste management. Through the donation of 3.1 t of products to 21 non-profit organisations, illycaffè helped avoid the emission of 28.3 t of CO_2 and save the equivalent of 5.9 ML of water[19].

In order to raise its consumers' awareness and encourage virtuous processes for the protection of the environment and the responsible management of resources and materials, illycaffè adheres to numerous initiatives in the field of capsule recovery and recycling.

[19] These impact indices are developed in partnership with the Department of Civil and Environmental Engineering of the University of Perugia. The calculation of environmental indicators is based on a Life Cycle Assessment (LCA) study specific to the various product categories.

Alliance for the recycling of aluminium capsules

Founded by Nespresso in 2021 in partnership with illycaffè, this program contributes to promoting and increasing the recycling of spent aluminium capsules in Italy. During 2024, consumers have been able to return their used Nespresso, illy and Starbucks capsules to 67 Nespresso boutiques, 8 illy Shops and illy Caffè outlets and to 126 affiliated drop-off points, for a total of 201 collection points throughout the country (+21 compared to 2023). Since 2021, more than 6,500 tonnes of spent capsules have been recovered, accounting for more than 350 tonnes of aluminium being put back into circulation.

ReCap

The project was born from the partnership between illycaffè and Nescafé Dolce Gusto, in collaboration with the Friuli-Venezia Giulia Region, the Friuli-Venezia Giulia Regional Environmental Agency (Arpa Fvg) and three companies that manage municipal waste at regional level (Net S.p.A., A&T2000 S.p.A. and AcegasApsAmga S.p.A.). ReCap represents a first testimony to how the collaboration between public and private companies is a positive force able to implement concrete actions for the regeneration of the environment.

During 2024, the plastic capsule collection and recycling project involved 28 municipalities in the Friuli Venezia Giulia Region (+24 compared to 2023) and extended to 2 municipalities in the Emilia Romagna Region thanks to 37 active collection centres.

TerraCycle®

In 2024, illycaffè continued with the initiative for the collection and recycling of Iperespresso capsules and Nespresso® compatible capsules in France, the Netherlands, Belgium and Brazil.

Podback

In 2024, the recycling service active in the United Kingdom also saw Nespresso, Nescafé Dolce Gusto and L'OR as players together with illycaffè. The collection of Iperespresso capsules and Nespresso® compatible capsules takes place both through door-to-door collection and through more than 7,000 stores participating in the initiative.

Circularcaps

In 2024, the collaboration with the NGO continued, involving 32 coffee roasters active in the recycling of capsules in Spain. The collection of Iperespresso capsules and Nespresso® compatible capsules is ensured thanks to the presence of 7,200 active collection points.

G2 revolution®

In the United States, the partnership which carries out the collection of Iperespresso capsules throughout the country by sending from home or with delivery to selected stores continued to be active.

Kartell

Also in 2024, the partnership between illycaffè and Kartell took centre stage at the Milan Design Week. Following the Re-Chair chair and the Eleganza armchair, the AI Console, made by Philippe Starck from recycled Iperespresso capsules, enlivened the flagship store on Via Monte Napoleone, underlining how two examples of Made in Italy excellence contribute to environmental sustainability through the strengthening of a circular model.

Social information

OWN WORKFORCE

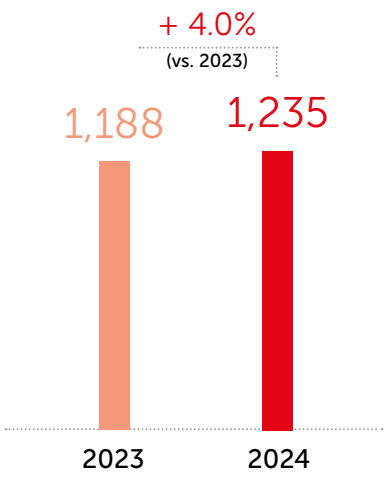
Employees in numbers

| GRI 2-7 | GRI 2-8 | GRI 2- 25 | GRI 2-30 | GRI 3-3 |

| GRI 401-1 | GRI 405-1 |

At 31 December 2024, the total number of group employees was 1,235, up 4.0% compared to 2023. There were 63 not directly employed workers[20], down by 23.2% compared to the previous year.
68.7% of the workforce was based in Italy (849 employees, up 5.2% compared to the previous year).
94.5% of employees were hired on permanent contracts and full-time employees represented 93.8% of the total, in line with the previous year.

HEADCOUNT



EMPLOYEES BY TYPE OF CONTRACT, GENDER AND GEOGRAPHICAL AREA

	2024			2023		
	Men	Women	Total	Men	Women	Total
Americas	**69**	**77**	**146**	**64**	**71**	**135**
Permanent	69	77	146	64	71	135
Fixed-term	0	0	0	0	0	0
Full-time	68	77	145	63	71	134
Part-time	1	0	1	1	0	1
Europe	**634**	**433**	**1,067**	**594**	**434**	**1,028**
Permanent	606	401	1,007	574	414	988
Fixed-term	28	32	60	20	20	40
Full-time	621	371	992	579	377	956
Part-time	13	62	75	15	57	72
Asia	**10**	**12**	**22**	**12**	**13**	**25**
Permanent	8	6	14	6	5	11
Fixed-term	2	6	8	6	8	14
Full-time	10	12	22	12	13	25
Part-time	0	0	0	0	0	0
Total	**713**	**522**	**1,235**	**670**	**518**	**1,188**

Also in 2024, illycaffè did not employ employees on zero hours contracts. In addition, 83.2% of employees were covered by collective labour agreements[21].

In 2024, women accounted for 42.3% of the total company population, a decrease compared to 2023 (43.6%) and held 37.6% of managerial positions, i.e. middle and top management categories (-3.2 p.p. compared to the previous year).

Analysing the age distribution, the concentration in the 30-50 years of age group accounted for the majority of the company population (57.7%), down compared to 2023 (61.8%). In the under 30 years of age group (13.3%), there was an increase of 2.1 p.p. compared to the previous year.

[20] Non-employed workers, who in 2024 carried out duties for illycaffè but did not have an employment relationship with the company, were mainly temporary workers through authorised agencies, blue-collar workers in production activities areas (packaging, production, etc.) and workers in the Ho.Re.Ca. sector. (bar tenders).

[21] The remaining 16.8% of employees were employed in countries where local legislation does not provide for collective bargaining agreements or in subsidiaries that, by sector and size, do not provide for the obligation or option to comply with it.

Finally, taking into account professional categories, white-collar workers represented 56.5% of the population, down compared to 2023 (-1.0 p.p.), followed by production workers and middle and top management.

EMPLOYEES BY GENDER AND PROFESSIONAL CATEGORY

	2024			2023		
	Men	Women	Total	Men	Women	Total
Top management	43	12	55	38	12	50
Middle management	90	68	158	78	68	146
Clerical staff	324	374	698	314	369	683
Production workers	256	68	324	240	69	309
Total	**713**	**522**	**1,235**	**670**	**518**	**1,188**

EMPLOYEES BY AGE BRACKET AND PROFESSIONAL CATEGORY

	2024				2023			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Top management	0	24	31	55	0	22	28	50
Middle management	1	93	64	158	1	89	56	146
Clerical staff	139	412	147	698	115	432	136	683
Production workers	24	183	117	324	17	191	101	309
Total	**164**	**712**	**359**	**1,235**	**133**	**734**	**321**	**1,188**

In 2024, the group's **hiring rate** was 27.0%, up from the previous year (24.4%) due to the strengthening of its presence in strategic markets. The turnover rate stood at 23.2%, down from 2023 (27.9%). Excluding retail personnel, affected by typical trends in the sector deriving from the specific competitive context, the recruitment rate was 14.4% (+3.0 p.p. compared to 2023), while the negative turnover rate was 11.8% (-1.3 p.p. compared to 2023).

RECRUITMENT AND TERMINATIONS BY GENDER, AGE GROUP AND GEOGRAPHICAL AREA

	Recruits		Leavers	
	2024	2023	2024	2023
Total by gender	**333**	**290**	**286**	**332**
Men	181	159	136	162
Women	152	131	150	170
Total by age group	**333**	**290**	**286**	**332**
<30	174	146	118	140
30-50	133	131	134	143
>50	26	13	34	49
Total by geographical area	**333**	**290**	**286**	**332**
Americas	36	32	25	35
Europe	292	258	253	284
Asia	5	0	8	13

Equal opportunities, talent development and remuneration policies

| GRI 3-3 | GRI 404-3 | GRI 405-2 |

The group operates according to the principles of equal opportunity, promoting a work environment based on merit, professional skills and respect for personal rights. In 2024, illycaffè's commitment to **diversity, equity and inclusion** (DE&I) was further strengthened through a series of initiatives aimed at consolidating a corporate culture that appreciates the uniqueness and contribution of each individual.

In this context, the DE&I Committee guided the implementation of training activities and dedicated initiatives, including sessions on bias and stereotypes, the use of inclusive language, and workplace harassment prevention, as well as on disabilities, parenting, and intergenerational integration. These activities contributed to the improvement of all qualitative KPIs related to the "Culture and Strategy" area of the UNI/PdR 125:2022 certification, which was obtained in 2023, leading to passing the scheduled audit one year after the achievement of the certification with a 5% score improvement.

With the aim of mitigating and remediating potential negative impacts and risks identified relating to its workforce, the Parent Company carried out an **internal survey** on 340 employees, both clerical and production workers, in 2024. The survey, which will be gradually extended to other corporate functions, investigated areas of an organisational nature with the aim of measuring the level of employee satisfaction and engagement. The survey recorded a participation rate of 82.6% and showed a strong sense of belonging and appreciation for illycaffè. The survey results will serve as the basis for the implementation of targeted action plans structured around focus groups dedicated to specific issues.

Moreover, the Policy on Feedback Mechanisms and Complaints ensures employee involvement in identifying and implementing improvements in business practices, as well as providing a channel for reporting any issues not covered by other corporate procedures.

For illycaffè, the creation of meritocratic and equitable growth paths is at the heart of the policies for the development of people and their careers. Again in 2024, the **Talent Assessment** process, already started in 2023, was adopted throughout the organisation and applied to all professional categories. This tool is based on a matrix that put together performance and talent, described through behaviours that allow objective identification, also taking into account feedback requested on different levels of relationships within the organisation. Based on the output of the Talent Assessment, illycaffè prepared individual development and training plans, also aimed at increasing employee retention rates.

Top management remuneration policies are based on fixed and variable remuneration. The specific individual objectives linked to variable remuneration reflect the achievement of targets that guarantee the contribution of each function to the achievement of illycaffè's strategic and business objectives, including its impacts on environmental sustainability.

In 2024, the **ratio between the basic salary of women to that of men**, calculated through a weighted average related to the number of female workers in each professional category, was 94.9%, improved compared to 2023 (+0.8 p.p.).

94.9%
GENDER PAY GAP

RATIO OF THE BASIC SALARY OF WOMEN TO THAT OF MEN

	2024	2023
Top management	80.0%	80.2%
Middle management	93.6%	92.3%
Clerical staff	95.7%	95.2%
Production workers	94.7%	92.2%
Total	**94.9%**	**94.1%**

With a view to continuous improvement of the remuneration and talent management policies, with the support of a leading independent consultant, already in 2023 the company had carried out an assessment aimed at defining a mapping of Executives and Middle Managers categories positions in Italy by weighted by role, area of responsibility and impact on the business ("grade"). For the Employees and Production Workers categories, the levels already envisaged by the National Collective Labour Agreement (CCNL) for the Food Industry were considered. This mapping, refined during 2024, made it possible to make comparisons between salaries of comparable positions, aimed at providing an additional analysis tool to support the remuneration strategies adopted. Leveraging on these analyses, the ratio between the average remuneration of women and the average remuneration of men in the same grades/levels was 98.6% (+1.4 p.p. compared to 2023).

Welfare and benefits

| GRI 401-2 |

illycaffè contributes to generating a positive impact on its employees by guaranteeing working hours in line with European and international standards and offering support for parenting and care giving.
Also in 2024, illycaffè S.p.A. continued to provide its employees with financial and social benefits aimed at improving their personal well-being and that of their families:

- supplementary health care for employees and their families, which is fully borne by the company;
- smart working (in Italy equal to two days in five per week);
- degree bonus and financial support for the purchase of university texts;
- agreements with gyms, theatres, shops and clinics.

Training and professional development

| GRI 404-1 |

In 2024, illycaffè continued to invest in strengthening the skills and professional development of its employees, adopting a mixed approach of in-house training, digital platforms and experiential activities.
Training initiatives were mainly focused on **DE&I** issues and **leadership** development. In particular, management training saw an expansion of activities with courses dedicated to core skills and divided into a monthly online training calendar. Through the LinkedIn Learning platform, employee self-development was encouraged with introductory webinars and ongoing support to maximise the tool's potential. Training activities in collaboration with The European House - Ambrosetti (TEHA) also continued, expanding access to the platform to more employees and introducing a more guided approach on content related to innovation, strategic thinking and the use of artificial intelligence.

Also in 2024, all employees were offered the opportunity to extend foreign language training courses provided through the GoFluent platform to a family member, with a view to implementing a welfare system that also involves skills development. Periodic training also continued on the issues included in the Code of Ethics, including the Whistleblowing model, to reaffirm the group's ethics and transparency values. Lastly, the on-boarding process for newly recruited resources, designed in collaboration with the Università del Caffè, was confirmed.

In 2024, 16,596 hours of training[22] were provided globally (+14.9% compared to 2023[23]), equal to an average of 13.4 hours of training per employee.

Occupational health and safety

GRI 403-1	GRI 403-2	GRI 403-3	GRI 403-4
GRI 403-5	GRI 403-6	GRI 403-7	GRI 403-8
GRI 403-9	GRI 403-10

illycaffè adopts an occupational health and safety management system in line with Italian legislation (Legislative Decree 81/2008). This system, which involves 100% of the employees of the Parent Company, is compliant with the ISO 45001 standard, which makes it possible to proactively improve accident prevention and reduce the health impacts of work, safeguarding the organisational structure of companies.

Illycaffè's commitment to improving worker health and safety focuses on the following areas:

- compliance with all applicable legal requirements;
- risk reduction;
- prevention of and protection from risks at work;
- the reduction and elimination of accidents and illnesses deriving from work activities;
- the involvement and participation of the entire company structure according to each one's own powers and skills, also for the assumption of responsibilities regarding safety in the workplace with specific reference to the role performed;
- the training, information and training of workers to carry out their tasks safely, encouraging the continuous improvement of each individual worker's skills;
- periodic workers consultation through the relevant functions;
- collaboration and cooperation with the community, suppliers, local authorities, supervisory authorities and any other interested party, in order to share in a transparent manner company practices on occupational health and safety;
- continuous performance improvement to safeguard the health and safety of workers.

The process of identifying and analysing hazards takes into account all legislative provisions issued on occupational health and safety. These aspects are managed by dedicated roles, including the company doctor, who is in charge of health monitoring, the Health and Safety Manager (HSM) and the Workers' Safety Representatives (WSR).

[22] Please refer to the chapter Occupational Health and Safety on page 83 for details on the hours of health and safety training conducted.

[23] The data reported in the 2023 Annual Report has been adjusted.

The HSO is responsible for conducting and supervising the analysis and assessment of risks to the health and safety of workers. The risk assessment is updated with consequent revision of the Risk Assessment Document (RAD) with the frequency required by the regulations and a document review is also carried out regardless of the time expiry in the case of:

- adaptation to the general technological process;
- implementation of new methodologies in the area of risk analysis;
- adaptation to new knowledge in the area of prevention and protection;
- the need to identify urgent measures to contrast any trend in work-related injuries or occupational diseases that is higher than that currently foreseeable on the basis of company and sector statistics;
- need to examine and eliminate new risks;
- updating of regulations on occupational health and safety.

The company is equipped with a management tool for reports of identified events "near misses", i.e. unintentional accidents, which could have caused damage or injury) with the aim of defining the ways by which they occur:

- reports of identified events;
- recordings of these events;
- compilation of the distribution list for circulations of the reports;
- activation of corrective actions;
- verification of the corrective actions implementation.

In 2024, the monitoring and detection of near misses was intensified, in order to further strengthen the monitoring of health and safety issues in the workplace. All illycaffè workers can report critical situations and the Health, Safety & Environment (HSE) function has the task of collecting them and identify such events, assessing, together with the HSO, the health and safety risks. Once the risks have been qualified and quantified, appropriate measures are proposed with an indication of priority for their adoption to counteract the risk that has arisen.

The company doctor is responsible for carrying out health monitoring on all workers exposed to health risks. Monitoring consists in carrying out periodic examinations of workers to check their state of health and express an opinion on their suitability for the specific job and possibly prohibit certain type of work following medical prescriptions or limitations. In addition, through workplace inspections. it contributes to the identification of hazards and participates in the definition of corrective actions to reduce health risks.

To facilitate worker participation and consultation, as part of the development, implementation and assessment of the occupational health and safety management system, and in order to provide access and communicate relevant information, illycaffè makes available system documents, operating documents and dedicated procedures to all workers. In this way, the group ensures that all workers are aware of the workplace health and safety policy, the related objectives, and their contribution to the effectiveness of the management system, including the benefits deriving from improved performance.

In addition, all employees are informed of the implications and potential consequences of not complying with occupational health and safety management system requirements, of the accidents that affect them and of the results of the analyses into their causes.

WSRs are periodically updated on health and safety issues such as accident trends and their dynamics, the status of training and health monitoring, reports made and the progress of corrective actions.

In addition, meetings are held with WSRs when an accident or near miss is reported, involving them in the process of defining the cause and determining corrective actions.

All workers are required to participate in mandatory health and safety training. Depending on the type of role held, workers follow a specific training course, which can vary from 8 to 16 hours of overall training. This training is subject to periodic updating. In addition, for activities that require specific skills, a specific training course is provided (for example, specific training for the operation of forklifts and lifting platforms; specific training for firefighters; specific training for first aid workers; and specific training for electrical workers).

In 2024, the Parent Company provided 4,722 hours of health and safety training (+171.2% compared to the previous year). The significant increase can be attributed to the renewal of mandatory training for many workers.

The Parent Company facilitates its workers' access to non-professional medical services by providing all workers with supplementary health insurance.

As part of the prevention and mitigation of occupational health and safety impacts within existing trade and business relationships, illycaffè guarantees access to information on the policies and procedures adopted by the company to all external parties, such as consultants, partners and suppliers. In particular, illycaffè promotes the health and safety of contract workers through a process divided into four phases:

- qualification of all contractors operating at illycaffè sites;
- process for assessing risks from interference that may arise from the contracted activities;
- identification of the personnel assigned with the task to supervise the contract;
- supervision on contracted activities by the supervisors in charge of the contract.

Globally, the rate of work-related injuries among employees was 7.2, up compared to 2023 (5.3)[24]. The Lost Time Injury Frequency rate (LTIFR), which measures injuries that involved at least one day of absence from work, was 6.7, also up compared to 2023 (4.8)[24]. There were no injuries among non-employee workers, therefore both rates were equal to 0, an improvement compared to 2023 (52.8).

WORK-RELATED INJURIES

	2024	2023
Employees		
Recordable injuries	15	10
of which injuries that caused at least one day of absence from work	*14*	*9*
Hours worked	2,081,067	1,885,254
Multiplier	1,000,000	1,000,000
Injury rate	**7.2**	**5.3**
Rate of injuries that caused at least one day of absence from work (LTIFR)	**6.7**	**4.8**
Workers who are not employees		
Recordable injuries	0	6
of which injuries that caused at least one day of absence from work	*0*	*6*
Hours worked	90,243	113,601
Multiplier	1,000,000	1,000,000
Injury rate	**0.0**	**52.8**
Rate of injuries that caused at least one day of absence from work (LTIFR)	**0.0**	**52.8**

-54.4%
SEVERITY RATE

0
OCCUPATIONAL DISEASES OR DEATHS

Globally, the severity rate for employees remained 0.06, recording a significant improvement compared to 2023 (-54.4%), and 3 commuting injuries were recorded, in line with the previous year.

Also in 2024, no cases of occupational diseases or deaths were recorded among employees.

Most of the injuries in 2024 occurred in Italy (10 injuries, down 3 from the previous year), particularly at directly operated stores (DOS). The incidents involved injuries with prognoses of less than three days and, therefore, not recognised by INAIL (national occupational accident insurance institute) and were attributable to superficial cuts, impacts, trips and falls. Only in one case was non-compliance with the rules of conduct identified. For each injury, illycaffè carried out a detailed root cause analysis and implemented appropriate corrective actions.

The reduction in the number of injuries recorded in Italy compared to the previous year is the result of activities implemented during the year, including:

- the implementation of an awareness-raising project aimed at all workers on the risks and on the prevention and protection measures to be adopted;
- an increase in checks by supervisors and the HSE function on compliance with worker conduct with the aid of specific checklists.

[24] The data reported in the 2023 Annual Report has been adjusted.

WORKERS IN THE VALUE CHAIN

| GRI 2-6 | GRI 2-23 | GRI 3-3 | GRI 204-1 | 408-1 |

| GRI 413-1 |

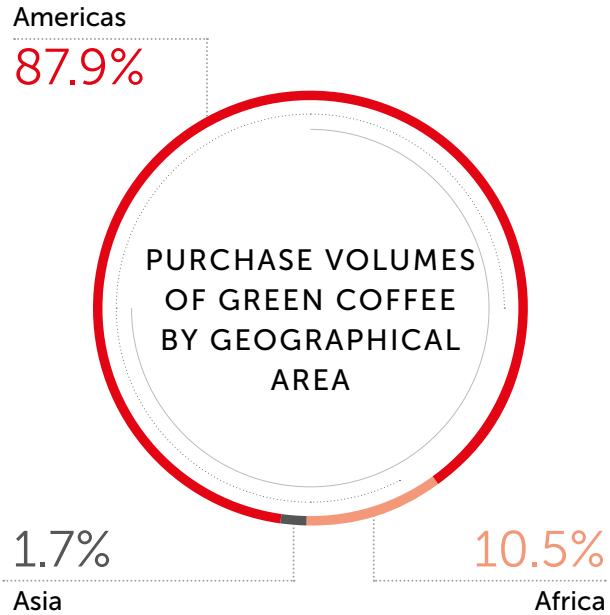
Procurement is a fundamental phase of illycaffè's value chain, as it guarantees the sustainable quality of the materials used in the production cycle.
All suppliers, both of green coffee and of other goods and services used, play a crucial role in the responsible procurement process pursued by the group. For illycaffè, this process has been concretely translated over the years also through:

- the application and reference to the Code of Ethics in all contracts with suppliers. The Code includes clauses on the respect for human rights in purchasing and throughout the supply chain;
- membership, since 2012, of the UN Global Compact, the pact designed to encourage companies around the world to adopt sustainable and socially responsible policies. Every year, illycaffè publishes its Communication on Progress (CoP), confirming its support for the principles it has subscribed to.

Green coffee procurement

Producing sustainable quality coffee is an absolute strategic priority for illycaffè, which decided to adopt the **Sustainable Procurement Process** (SPP) protocol, based on ISO 20400 and ISO 26000 standards and issued by Det Noske Veritas (DNV). This protocol represents one of the most comprehensive sustainability standards in the coffee supply process, defining the group's sustainable development and social responsibility principles in its procurement policies and practices and promoting the qualification and monitoring of suppliers on not only economic, but also environmental and social aspects, encouraging improvement targets and programs throughout the entire supply chain.

Sustainability thus represents a central and indispensable element of illycaffè's purchasing strategy, which cannot be delegated to external entities, but is fully integrated into the company's practices and processes. illycaffè directly takes responsibility for ensuring that sustainability principles are applied, monitored and constantly improved in its procedures, making it an integral part of its operations and actively contributing to the responsible and conscious development of the supply chains from which it sources.



Within the green coffee supply chain, each stakeholder has a crucial role in ensuring a responsible procurement process:

- farmers, who work small plots of land;
- producers, i.e. farms, cooperatives and structures that process the coffee harvested, for example separation, washing and drying;
- exporters, who purchase coffee from cooperatives or select it directly from producers.

With this in mind, illycaffè operates according to an **integrated supply chain** approach, based on a direct and long-lasting relationship established over decades with all members of its supply chains and based on the awareness that the closer are the relationships with growers and producers, the greater is the influence and impact generated by its actions.

The system of direct relations developed over the years by illycaffè is based on four pillars:

- selecting and motivating producers, rewarding their efforts to grow and supply excellent quality coffee;
- transfer knowledge to them through the activities of the Università del Caffè and the constant visits to the plantations by illy buyers, technicians and agronomists, motivating them to produce sustainable quality;
- acknowledge, including economically, the sustainable quality guaranteed through a premium price compared to the market price and encourage a continuous process of improvement;
- build an illy community, creating a place where producers can talk to each other (Circolo illy and Clube illy do Café), establishing human and direct relationships based on the mutual transfer of knowledge.

To this end, the green coffee supply chain management model is based on three principles:

- traceability of resources and raw materials throughout the entire production process;
- reciprocity and transparency in the relationship with the members of the supply chains;
- economic, social and environmental sustainability.

illycaffè's procurement strategy envisages constant and continuous **monitoring** in the field with a methodology able to guarantee total coverage of all players in the supply chains over a three-year time span. The main areas of supply chains monitoring are as follows:

- social sustainability: human rights, working conditions, health and safety, and social impact on communities;
- environmental sustainability: preservation of forest areas, change in land use, biodiversity, water management and quality, recycling and/or proper disposal of liquid and solid waste, energy and fuel consumption;
- farm management: production control, soil management, crop management, correct use of fertilisers and agrochemicals, phytosanitary protection and control with organic practices;
- traceability: chain of custody, trade and product traceability, process control and coffee storage.

Audits and control visits are a fundamental part of the monitoring process, as are the performance parameters required of the supply chains, structured in:

- minimum requirements that, if found to be non-compliant, result in the implementation of corrective actions and, only as a last resort, termination of the supply relationship;
- additional requirements, which go beyond the legal minimums and which illycaffè deems essential in the relationship with the supply chains, in understanding the local context of raw material production;
- rating systems to qualify the supply chains.

Plantation audits and visits play a crucial role in monitoring, since each aspect analysed in the field is accompanied by a thorough explanation and specific recommendations on the concrete benefits of adopting certain practices. These benefits translate both into increased productivity, resulting in enhanced economic sustainability, and the possible generation of positive social and environmental impacts.

In 2024, supply chain audits involved 409 players (+34.1% compared to 2023) in Brazil, Costa Rica, El Salvador, Ethiopia, Guatemala, Honduras, India, Nicaragua, Rwanda and Tanzania These audits revealed 97 cases of plantations not complying with illycaffè's minimum requirements, an increase of 19.8% in the number of cases compared to 2023. The non-compliances that emerged regarded aspects such as labour informality, characterised by the lack of formal registration of workers or inadequate record keeping, which prevents verification of compliance with minimum wages. Added to this were conditions of non-compliance with occupational health and safety standards, compromising the well-being of workers and the work environment, and the use of prohibited agrochemicals, a practice that not only violates current legislation but also poses a risk to the environment and the health of the workers involved. On the environmental front, there was evidence of non-compliant and/or ineffective management of wastewater treatment systems in coffee processing facilities.

To address the issues identified, illycaffè developed an intervention plan based on targeted actions with **training** as a central element. The latter is, in fact, an essential vehicle for raising awareness, transferring knowledge and adopting sustainable practices, as well as fostering an ongoing dialogue with stakeholders.

In 2024, with the aim of incentivising the adoption of sustainable practices, illycaffè awarded a producer in Honduras that stood out for its commitment to adopting regenerative agriculture practices, maintaining high quality standards and protecting the welfare of workers. In recognition of the excellence of the work carried out, illycaffè donated an essential coffee processing machine that can reduce water consumption by 90%. Through this initiative, illycaffè not only recognises the excellence of producers, but encourages them to continue in the process of sustainability and quality. This strategy is fully in line with the company's mission, which aims to promote an ethical and responsible business model in which product excellence is combined with environmental protection and improvement of the socioeconomic conditions of the communities involved in the coffee supply chain.

The continuous improvement process promoted by illycaffè, as well as the goal of preventing, eliminating and reducing any nonconformities, is also based on the consolidation of collaboration with national and international institutions, as well as with the public and private sectors. This approach aims to create effective synergies for the identification of solutions that are not limited to individual supply chains, but can have a positive impact on the entire industry. The main collaborations include those with:

- European Coffee Federation (ECF);
- International Coffee Organization (ICO);
- Advisory Team of the Mattei Plan;
- United Nations Industrial Development Organization (UNIDO);

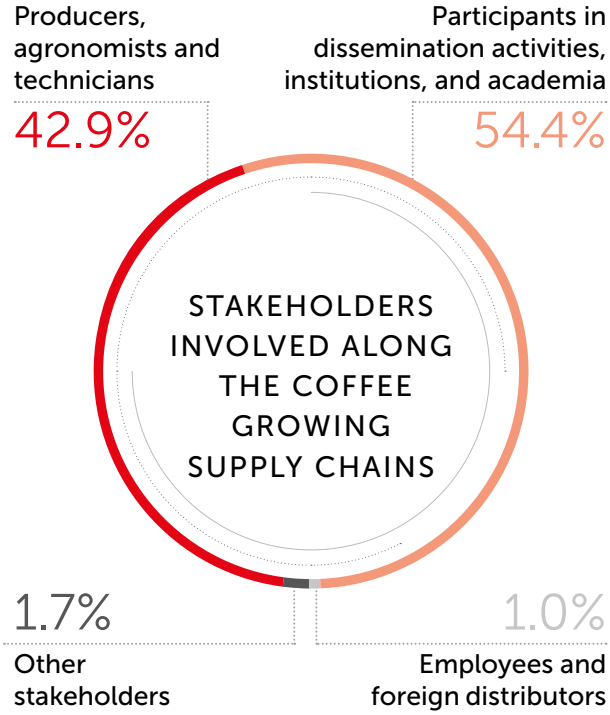
- Global Coffee Platform (GCP);
- Italian Coffee Committee;
- Ethiopian Coffee & Tea Authority with training conducted at the Coffee Training Centre (CTC);
- Food and Agriculture Organization of the United Nations (FAO);

Strengthening collaborative relationships with national and international institutions has taken on a central role, also in preparation for the entry into force of the European Deforestation-free Products Regulation (EUDR). In this context, it should be noted that the date of entry into force of the EUDR has been postponed to 30 December 2025. In parallel, illycaffè is also preparing its activities for the adoption of the Corporate Sustainability Due Diligence Directive (CSDD).

For illycaffè, training is a key tool for fostering a process of continuous improvement. For this reason, monitoring of supply chains is accompanied by **constant stakeholder engagement** activities, which are considered a key factor not only in sharing essential sustainability aspects, but also in acquiring detailed knowledge of the specific context of each supply chain and the distinctive characteristics of the coffee market in each country.

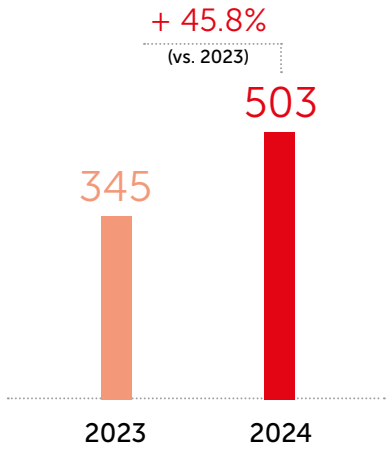
In particular, in 2024 illycaffè directly involved 3,595 people in dialogues and training activities, an increase of 50.9% compared to 2023, divided between:

- 1,542 members of coffee supply chains (producers, agronomists and technicians);
- 1,956 participants in dissemination activities aimed at supply chains, public and private institutions in the sector and academia;
- 35 people including illy employees, instructors at the offices of the Università del Caffè and foreign distributors;
- 62 stakeholders in companies that operate in the area of digitalisation, agribusiness on precision farming and fertiliser production, or social foundations and multistakeholder platforms.



During 2024, a total of 503 hours of training were provided to producers and participants in dissemination activities, an increase of 45.8% compared to 2023.

HOURS OF TRAINING PROVIDED ALONG THE COFFEE SUPPLY CHAINS



The training provided focused on climate change and the risk of shrinking areas for growing Coffea Arabica, also analysing how regenerative agriculture can be a key tool for strengthening resilience in the presence of such challenges. The issues of biodiversity and the need to preserve natural ecosystems were also explored.

A special focus was dedicated to the protection of water resources, the subject of numerous meetings and training activities. These activities included practical sessions on measuring water consumption, restructuring processing infrastructure to reduce water use, and introducing practices to improve the efficiency of wastewater treatment systems with the aim of minimising negative environmental impacts.

Equally relevant were the discussions on social issues, such as the worsening labour shortage, a phenomenon particularly pronounced in Central America, closely linked to farm management and a broader view of the economic sustainability of the entire coffee sector.

Finally, the growing importance of ensuring the protection of workers throughout the supply chain and supporting farmers in achieving better living conditions was reiterated, thus reinforcing the commitment to integrated sustainability, embracing environmental, economic and social aspects.

illycaffè attributes a central role to respecting **human rights** and understanding the needs of communities in producing countries, promoting a virtuous collaboration model. This commitment takes the form of support for targeted projects aimed at improving the well-being of local communities.

One of the main risks in the coffee-growing sector is child labour, the use of which on plantations undermines social development in those countries where school closures coincide with the coffee harvest period. To combat this phenomenon, illycaffè purchases exclusively from countries that have ratified the ILO (International Labor Organization) standards of the United Nations and that have established by law a child working age of no less than 14 years.

Again in 2024, illycaffè found no cases of child labour along its supply chain or incidents of forced labour. Nevertheless, it continued to support programs aimed at strengthening school infrastructures and improving the provision of educational in producing countries with the goal of expanding access to education also in rural areas, combating poverty, reducing school drop out, and contributing to a sustainable generational change in coffee supply chain.

Guatemala

Also in 2024, illycaffè continued to fund a mobile clinic in the Santa Rosa region to provide free medical, dental and eye care to 1,981 people. illycaffè's commitment to health promotion in rural areas, where farmers and their families are often not guaranteed access to basic health services, was also implemented through the donation of additional dental equipment for the clinic's activities.

Moreover, illycaffè funded educational facilities for pickers' children in the regions of Esquipulas and Santa Rosa, where, in conjunction with the coffee harvesting season. 40 minors, between 5 and 14 years of age, were provided with educational materials and four meals a day.

Nicaragua

illycaffè supports minors' right to education at La Florida Plantation, from which it has been sourcing continuously since 2014. The decade-long relationship with the Nicaraguan producer made it possible to open a facility, the educational offer of which is based on the development and learning needs of the age groups of the minors it welcomes and is also aimed at the Spanish-language literacy of indigenous Misquitas children.

Brazil

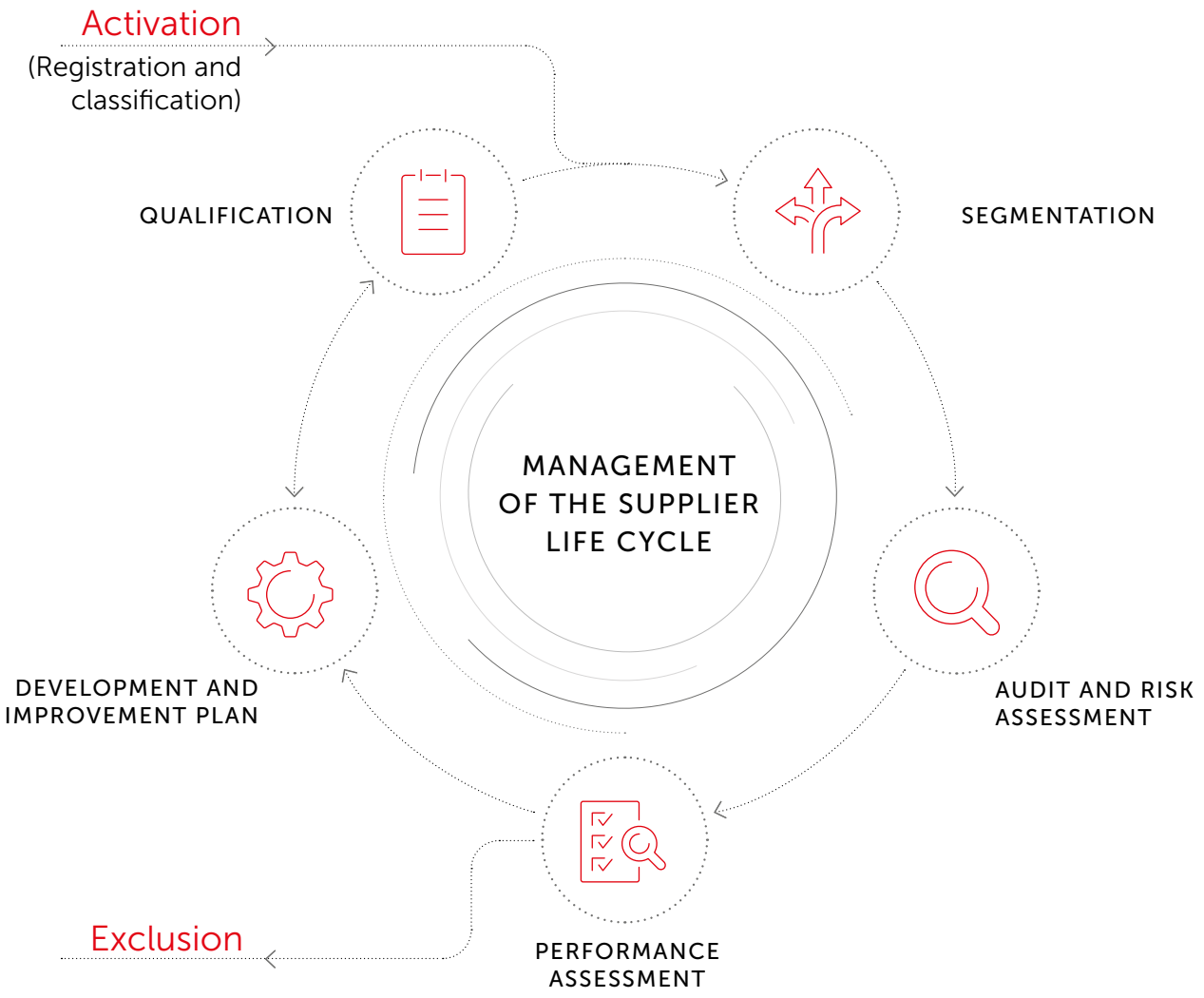
Since 2020, illycaffè has financed the socio-environmental Viveiro de Atitude project, a nursery created by the Monteccer cooperative for the production of more than 100 species of native plants, which are sold to reforest the territories of the Cerrado Mineiro region, preserve biodiversity and protect water sources. A portion of the proceeds is donated to six local organisations, which welcome 350 minors in the 0-14 age group, mitigating the risk of child labour and early school leaving and helping local families in difficulty. The remaining proceeds are donated to two projects aimed at 65 elderly people, welcomed in facilities that promote health and food assistance and carry out play and recreational activities. Viveiro de Atitude also supports environmental training in schools and universities in the Cerrado Mineiro region with the aim of encouraging the creation of green areas in the city of Monte Carmelo.

Procurement of other goods and services

In accordance with the principles of sustainability and business ethics, illycaffè maintains mutually beneficial relationships with its suppliers of goods and services, selecting them based on its values.

illycaffè uses a dedicated tool (Procurement Portal) to collect and compare a significant amount of data and information on its partners. In addition to negotiation and contract activities, this instrument is aimed at the management and development of supply relationships based on effective collaboration.

Via a pre-qualification questionnaire, suppliers who register within the Portal accept the 231 Organisational Model and the illycaffè's Code of Ethics and have access to the Code of Conduct, which lists and describes the principles that illycaffè asks them to observe. The most significant aspects of this questionnaire concern business ethics and integrity, human and labour rights, and environmental sustainability.



Excluding green coffee purchases, in 2024 the group sourced from 3,502 suppliers, down 4.0% compared to the previous year[21]. Most of them (81.3%) originate from Europe and the proportion of expenditure in favour of local suppliers amounted to 79.1% (-1.7 p.p. compared to 2023[25]).

In particular, in 2024 purchases from Italian suppliers represented 58.1%, supporting local supply chains and Made in Italy products.

The creation of a responsible supply chain plays a fundamental role in the pursuit of illycaffè's strategic and sustainability objectives. Ambitious targets such as decarbonisation can only be pursued through effective collaboration with suppliers. From this point of view, the Sustainability in Procurement multi-year project, launched in 2022, aims at further strengthening the role played by ESG issues in the selection and assessment of its partners. During 2024, the project focused on integrating ESG aspects into supplier qualification forms, also in order to comply with the requirements of the Corporate Sustainability Due Diligence Directive (CSDDD), the European directive that will define the obligations of companies related to actual and potential negative impacts on human rights and the environment with regard to their activities, those of their supply chains and of their business partners;

[25] The data reported in the 2023 Annual Report has been adjusted.

SUPPORT TO LOCAL COMMUNITIES

| GRI 3-3 |

illycaffè pays particular attention to supporting local communities through local projects aimed at fostering collective well-being.
In 2024, illycaffè continued to support the activities of the San Patrignano Community's dental department with the aim of improving the quality of care provided to the facility's guests. illycaffè supported the purchase of instruments, materials and tools for the laboratory's activities, which involves students of the dental technology course at the Community's study centre.

In 2024, illycaffè's commitment to cancer prevention continued through the **illydieci** program, through which illycaffè supports the Visite Sospese (examinations already paid for) project of the Italian League for the Fight against Cancer (LILT). With the purchase of an illydieci subscription, available in all illy Caffè venues directly managed in Italy and in participating bars, consumers had the opportunity to donate €1 for every 10 coffees purchased. With 529 participating bars and more than 79,000 subscriptions sold, illycaffè contributed to providing concrete support to people in a state of economic or social fragility, guaranteeing access to 1,580 free diagnostic and specialist oncology screenings in the cities of Bari, Milan, Naples, Palermo and Rome. The project will continue in 2025, expanding to the city of Trieste.

illycaffè is part of the Governing Board of **ISIC** (Institute for Scientific Information on Coffee), a non-profit organisation founded in 1990. Also in 2024, illycaffè supported ISIC in its scientific research and outreach activities aimed at promoting the benefits of coffee for human health and, in particular, in cardiovascular and neurodegenerative diseases, type 2 diabetes, and liver disease.

In 2024, support continued for **Food For Soul**, the non-profit organisation founded by chef Massimo Bottura and Lara Gilmore, which since 2015 has been taking care of people in need starting from the primary form of assistance, food, prioritising the reuse of raw materials. Solidarity and the fight against food waste inspired the "Refettori" (Refectories) project, thanks to which abandoned or neglected city spaces reborn into community places, where every day hundreds of socially vulnerable people can feel welcomed and where food becomes complicit in forging new ties.

CUSTOMERS AND CONSUMERS

| GRI 3-3 |

illycaffè is committed to ensuring high levels of quality in all its products. To ensure the **health** and **safety** of its consumers, illycaffè implements stringent controls along the entire supply chain, aimed at excluding the presence of contaminants in its products.
Through packaging and various digital touchpoints, all information relating to the composition of its products is shared with customers and consumers, with a view to complete transparency.

Product portfolio

The illycaffè product portfolio extends to multiple consumption occasions and is dedicated to both the Home and Out-of-Home segments.

The Home segment mainly includes coffee beans, ground coffee and single-portion coffee, both in both E.S.E pods and capsules.

EcoVadis

In 2024 illycaffè was awarded the Gold Medal from EcoVadis, one of the most prestigious sustainability ratings at the international level. illycaffè ranked in the top 5% of companies assessed in all sectors in the 12 months prior to the assessment and in the top 2% of companies operating in the food industry. The assessment covered four areas: Environment, Labour Practices and Human Rights, Ethics, and Sustainable Purchasing. illycaffè particularly excelled in the areas of Environment (with a score of 90/100) and Labour Practices and Human Rights (with a score of 80/100).

In 2024, illycaffè celebrated the 50th anniversary of the paper pod, one of its most revolutionary innovations. Introduced in 1974, the single-portion pod revolutionised the industry, becoming the E.S.E. (Easy Serving Espresso) standard in the 90s. To celebrate this milestone, illy launched the new X2.2 E.S.E. professional machine, designed by Luca Trazzi.

The single-portion coffee category also includes Iperespresso, Nespresso® compatible and, from December 2024, **X-CAPS** capsules, a new proprietary system made of 85% recycled aluminium, which, through hyperinfusion technology, guarantees an aroma and taste experience characterised by a rich and persistent froth.

The range of products for home consumption also includes coffee machines for all the main preparation systems (coffee beans, ground coffee and coffee in single portions). In particular, the X-CAPS range of machines, designed by architect Luca Trazzi, includes the X1 and X3 models.

The Out-of-Home segment is represented by the iconic 3 kg and 1.5 kg tinplate formats, dedicated to bars and restaurants. For operators in the smaller channel, illycaffè also offers the Iperespresso portion system (professional capsules and coffee machines).

For the OCS/Vending channel in 2024, illycaffè launched new industrially compostable MPS capsules in Classico, Intenso, and Decaffeinato variants. The capsules can be disposed of with organic waste thanks to their special compostable casing and are designed for use with the SMART line of machines, which includes the illy SMART10C and illy SMART30C models.

On the sustainable innovation front, 2024 was characterised by the launch of **Illetta**, the coffee machine designed by Antonio Citterio, which has completely reinvented the bar coffee experience thanks to a revolutionary technology, guaranteeing exclusive customisation in compliance with the highest design and sustainability standards. In fact, the instant-heating technology patented system ensures energy savings of up to 50% compared to the normal coffee machines currently on the market. Evolution of the first machine of the same name launched in 1935, the new Illetta is equipped with an innovative and interconnected ecosystem and is designed to offer coffee of excellent and constant quality, both reinterpreting the classic espresso and serving mocha and filter preparations made on the spot, to combine

the consumer's personal taste with the barista's creativity. Illetta was previewed at the 45th edition of Sigep – The Dolce World Expo, held from 20 to 24 January 2024 at the Rimini Exhibition Center.

2024 was also characterised by the collaboration with Delica (Migros Group), which developed **CoffeeB** technology, the first domestically compostable capsule-free espresso coffee machine. Once used, in fact, the coffee ball can be disposed of with organic waste or added to potting soil as plant fertilizer. The partnership combines the sustainable technology of the innovative Swiss brewing system with illycaffè's many years of experience. The illy CoffeeB coffee balls are available in Classico and Intenso roast variants in the Swiss, German and French markets.

Brand and communication campaigns

2024 was marked by the global roll-out of the "Quality Loves Details" communication campaign, which featured brand ambassador Matilda De Angelis. Danish director Martin Aamund takes viewers on a journey to discover the details that make the sustainable quality of the illy brand unique, starting with the selection of 1% of the best 100% Arabica coffee beans with zero defects and regenerative agriculture practices applied in plantations.

During the Venice Biennale Arte, illycaffè launched the "**illy Beyond Venice**" campaign with the aim of taking the new illy "Foreigners Everywhere" Art Collection beyond the confines of the lagoon. Characterised by strong hyper-realistic tones, the "fake Out-of-Home" project featured illy cups floating on the canals of Venice, creating curiosity on social media and beyond. The activation was disseminated through Meta and TikTok, as well as a media seeding project on newspapers and social pages akin to the target audience and brand values, and won two ADC Group NC Digital Awards, in the Digital Branded Content and Digital Integrated Campaign categories.

During the International Coffee Day, celebrated on 1 October, illycaffè launched the "**Mind the coffee cup - The future of coffee thoroughly analysed**" edutainment project through the activation of

physical and digital channels in various cities worldwide. In Milan, the newsstand in Piazza San Babila was transformed into a coffee bar where it was possible to taste Arabica Selection Brazil Cerrado Mineiro, the coffee produced 100% from regenerative agriculture and certified by regenagri®. The San Babila underground station was entirely customised by illycaffè to take passengers on a journey into the future of coffee, raising awareness of the urgent climate issues that are affecting its production. The communication plan was pushed through educational content on regenerative agriculture available on the digital channels of YouTube, Meta and TikTok and also through a magazine created ad hoc and distributed at newsstands, in door-to-door activities in Milan, Rome and Trieste, in selected bars and downloadable from illy.com.

Customer Care

illycaffè relates with its customers and consumers by putting into practice the principles of accessibility, transparency, reduced response time and homogeneity of support on various contact channel, also thanks to its customer care service and a Customer Relationship Management (CRM) platform active in Italy, the United States, the United Kingdom, Austria, Germany, France, Spain, Belgium and the Netherlands.

Among the main activities carried out in 2024 was the consolidation of the partnership for the management of B2C customer care operations in European countries where illycaffè is present through branches and subsidiaries. In a year characterised by several peaks with important intensities of interactions, the structure was able to respond adequately to the different needs and emergencies coming from the markets. The partner also helped identify areas for improvement in several business processes that will be part of an efficiency improvement process planned for 2025.

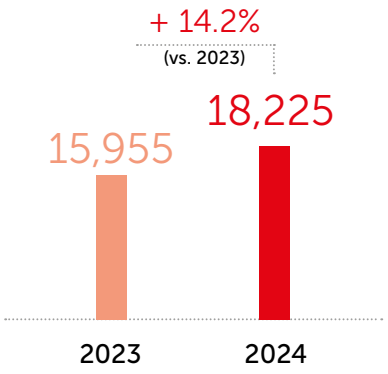
The effectiveness of these actions is assessed through the monitoring of specific indicators, such as the Customer Satisfaction Index (CSI).

For the third consecutive year, Italian customer care won first place in the Cafeterias and Tea Rooms section of **Italy's 2024/2025 Best Customer Service Award**, granted by Economia del Corriere della Sera and Statista in July 2024.

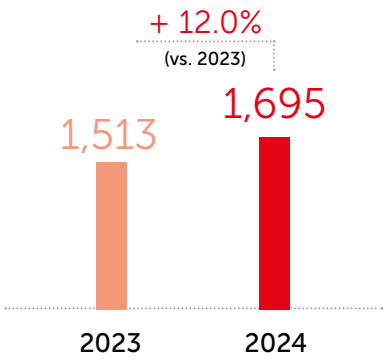
Spreading the coffee culture

The constant search for perfection in every single cup contributes to expressing a vocation that illycaffè has always embodied: the promotion and dissemination of the coffee culture.
In this spirit, the Università del Caffè was founded in 1999, a hub of excellence created to spread the culture of quality coffee throughout the world through training, research and innovation: a mission that unites all the players involved in the supply chain of a large international community which, to date, has trained over 366,000 people.

NUMBER OF PARTICIPANTS IN ACTIVITIES OF THE UNIVERSITÀ DEL CAFFÈ



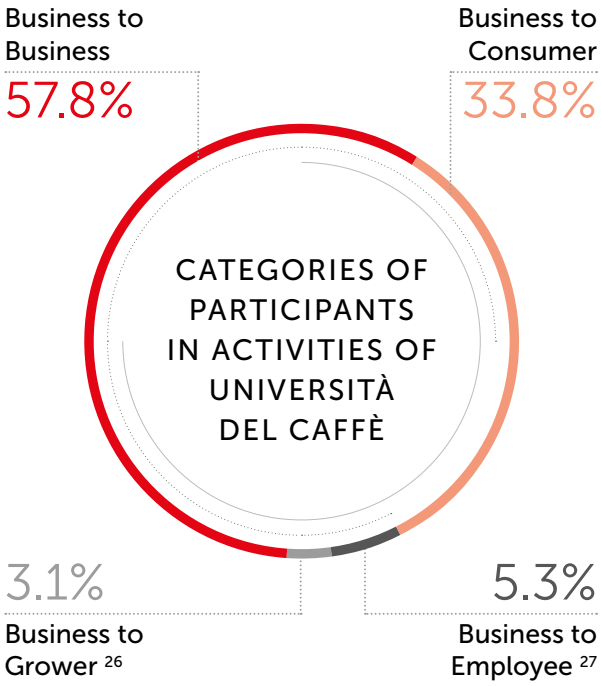
NUMBER OF TRAINING, TEACHING AND CONSULTING ACTIVITIES OF THE UNIVERSITÀ DEL CAFFÈ



In 2024, 18,225 participants were reached through 1,695 training, educational and consultancy activities for Ho.Re.Ca. professionals. (Business to Business), consumers (Business to Consumer), illycaffè employees (Business to Employee) and coffee growers (Business to Grower).

The Università del Caffè network has 23 locations worldwide. During the year, the know-how, knowledge and training skills of an additional 15 lecturers operating in the international branches of the Università del Caffè were certified by ACS Italia, a body accredited by the third-party body ACCREDIA, bringing the total number of certified lecturers to 65.

Through the Università del Caffè, illycaffè promotes one of the cornerstones of its sustainable quality: direct relations with suppliers and the sharing and transfer of knowledge. Since 2000, more than 13,000 coffee producers have been supported in the field by experts and instructors from the Università del Caffè.



[26] The Business to Employee category includes all illycaffè employees, agents and the illycaffè retail network.

[27] The Business to Grower category, corresponds to the 569 members of the green coffee chain involved in stakeholder engagement activities carried out by the Coffee Procurement team during 2024. For more information, see the chapter Workers in the value chain (page 86).

UNIVERSITÀ DEL CAFFÈ LOCATIONS

The dissemination horizon extends to the sector of Ho.Re.Ca. professionals, who have the delicate task of conveying the illy experience to consumers. To this end, the Università del Caffè has developed a program of courses dedicated to bar and restaurant operators. The activities carried out in 2024 for hospitality professionals include, among others:

- tailored blending activities and training for 8 Chef Ambassadors;
- masterclasses at the CAST, ALMA and Niko Romito academies, as well as a workshop on sustainability for chefs and pastry chefs at the In Cibum food school;
- educational activities for prospective customers and key accounts such as Conad, Esselunga, Coop, Signorvino, Bauli and Eataly.

Also in 2024, in collaboration with the Cimbali Group, illycaffè organised the 32nd edition of the Maestri dell'Espresso Junior competition, where sustainable quality and innovation were key concepts in the selection of finalists. The 2024 edition had a record number of entries with 64 institutions registered and 1,052 students participating and the introduction of a dedicated test for those with specific learning disorders.

Targeted at graduates from all over the world and aiming to provide high-profile academic preparation in the world of coffee, the Master in Economics and Science of Coffee – Ernesto Illy is dedicated to present and future professionals in the world of coffee. The Master is promoted by the Ernesto Illy Foundation and was developed with authoritative Italian and international partners. As usual, the Università del Caffè organised the Coffee Brewing Week for the 24 students who participated in the 2024 edition.

Training also addresses end consumers, who can sharpen their knowledge of the world of coffee, discover its production aspects and learn to appreciate its characteristics. In this way, the activities of the Università del Caffè contribute to the achievement of three fundamental objectives, promoting a virtuous circle that enhances quality through knowledge:

- over the short-term, the loyalty retention of customers and consumers;
- in the medium term, the creation of consumers increasingly sensitive to quality, able to recognise it and ready to demand it;
- in the long term, the development of a quality coffee culture in the world.

It should also be noted that in 2024, 277 company tours were offered in which 1,874 guests participated.

Finally, as part of the collaborations with universities, schools and academies, please note the activities carried out by the trainers of the Università del Caffè for the students of the Three-year Degree Course in Biotechnology and Food Engineering of Innsbruck (Austria), the Master Food&Wine 4.0 of the IUSVE of Venice, the Master in Food Quality Management and Communication of the University of Pisa, the faculty of Gastronomic Science and Culture of the University of Bologna and the Executive Master in Luxury Management and the Executive MBA of the SDA Bocconi School of Management.

ERNESTO ILLY FOUNDATION

illycaffè supports the Ernesto Illy Foundation, created in 2008 with the aim of carrying out philanthropic activities to supplement and support its sustainable business model, according to the principles of the stakeholder company.

The Ernesto Illy Foundation is a non-profit organisation chaired by Anna Illy, daughter of Ernesto, who was for years her father's closest collaborator, accompanying him on his travels in search of the best quality Arabica coffee for roasting.

The Foundation protects and disseminates the thought of Ernesto Illy through scientific research and innovation, education and outreach, and the implementation of sustainability and philanthropy projects in coffee-producing countries and in the Trieste area. Prioritising the generation of shared value, it expresses a model of responsible organisation based on a scientific approach and ethics. In particular, the focus is on protecting and strengthening the economic, social and cultural rights of the target communities. Of particular significance is the Ernesto Illy Foundation's commitment to sustainable development in coffee-producing countries, the promotion of culture as an element of social development in the Trieste area, and the promotion of social responsibility.

The main objective of the Ernesto Illy Foundation is to develop and launch a series of global projects in the fields of science, education, training and culture that align with the 17 United Nations Sustainable Development Goals. To this end, the Ernesto Illy Foundation collaborates with associations, entities and institutions whose activities are aimed, directly or indirectly, at pursuing purposes similar to those of the same Foundation. In particular, long-standing collaborations and partnerships with prestigious organisations and entities such as UNIDO (United Nations Industrial Development Organisation), ECOSOC (United Nations Economic and Social Council), UNESCO-TWAS (World Academy of Sciences for Scientific Advancement in Developing Countries), Agrifood & Bioeconomy Foundation, Simbiotica and Red Nacional de Cuido continued in 2024. 2024 proved to be a crucial year for the expansion of institutional relations, marking the initiation of new interactions and collaborations with organisations of international significance, including UNFPA (the United Nations Sexual and Reproductive Health Agency), UNESCO, GPE (Global Partnership for Education), CIHEAM, Instituto Terra, EmPath Foundation and Save the Children.

2024 was also marked by major changes and enhancements. Among the major developments were the renewal of governance positions, the strengthening of the workforce with new

management, and a greater specialisation of staff skills, all of which are key elements for meeting future challenges with a stronger and more qualified structure.

Another crucial step was the start of work on measuring, through qualitative and quantitative metrics, the impact of the projects implemented, which will culminate, in 2026, with the drafting and publication of the first social report of the Ernesto Illy Foundation.

BOARD OF DIRECTORS OF THE ERNESTO ILLY FOUNDATION

Role	Name
Honorary Chairman	**Anna Rossi Illy**
Chairman	**Anna Illy**
Vice Chairman	**Maurizio Dallocchio**
Director	**Andrea Illy**
Director	**Andrea Dominique Illy**
Director	**Nicol Belci**
Director	**Cristina Scocchia**

The projects implemented in 2024 by the Ernesto Illy Foundation include:

Master's degree in Coffee Economics and Science – Ernesto Illy

One of the most important projects of the Foundation, open to graduates from all over the world, was developed in collaboration with the Universities of Trieste and Udine, the SISSA (International School of Advanced Studies) of Trieste, the Science Park (Area di Ricerca Scientifica e Tecnologica) in Trieste and with the contribution of the Friuli Foundation. Taught entirely in English, the Master's degree includes over 400 hours of lessons divided into 9 modules for a total of 60 training credits. The curriculum covers the entire coffee production chain and develops across three disciplinary areas: economics-management, biology-agronomics and technology. The thirteenth edition of the Master's degree catered to 24 students (5 more than the previous edition) of 18 different nationalities. Also in 2024, the Foundation offered financial support to fully or partially cover fees, supporting 17 deserving students from coffee-producing countries (2 more compared to 2023).

ELIS – School4Life 2.0

The two-year project is based on the synergy between companies and middle and high schools with the aim of providing guidance activities for students from Italian areas characterised by high school drop-out rates. Also in 2024, illycaffè and the Ernesto Illy Foundation supported the project, intervening in favour of five educational institutions in the Trieste area through economic support and the involvement of a faculty composed of five employees, who on this occasion took on the role of teachers, sharing professional skills and experience. A number of inspirational talks and workshops were organised during 2024 for a total of 10 hours of training provided.

Regenerative Society Foundation

The Ernesto Illy Foundation is one of the founding partners of the Regenerative Society Foundation, created in 2020 with the aim of developing and promoting a regenerative socio-economic model. Andrea Illy is its co-chairman together with Professor Jeffrey D. Sachs.

In 2024, the Regenerative Society Foundation drafted the manifesto No Sustainability Without Regeneration - A Manifesto from an Entrepreneurial Viewpoint, edited by Andrea Illy and Paolo Vineis and published in the scientific journal Anthropocene Science, in addition to two papers on biodiversity and well-being. In addition, the Regenerative Framework, a tool for measuring the regenerative potential of projects and activities, was finalised and applied so far to four corporate projects, including illycaffè. In addition, a handbook was created to guide companies in compiling the assessment questionnaire related to the framework.

The contribution to the sustainability dialogue was realised through participation in global and national events, including COP16, Ecomondo, Green Economy Stakeholders' Meeting, Genoa Science Festival, Euronext Sustainability Week, and Trento Festival of Economics.

Finally, three new founders (Nzatu, Persea and Generali) joined the Regenerative Society Foundation, expanding the network of expertise and impact of initiatives.

Virtuous Agriculture®

The Ernesto Illy Foundation works in close collaboration with illycaffè on all educational and scientific aspects related to the development of Virtuous Agriculture® in the coffee supply chain.

illycaffè has a long-standing collaboration with ICGEB (International Centre for Genetic Engineering and Biotechnology), which has launched numerous start-ups, including Simbiotica, with which the Ernesto Illy Foundation works with the aim of developing specific bacterial cocktails for the fertilisation of coffee plants. The research project conducted in collaboration with Simbiotica, focused on the development of a bacterial inoculant for Coffea arabica, consisted of five development phases. During 2024, the last two phases were completed, culminating in the drafting of the final report. The latter includes additional recommendations for possible future development of the project.

Casa de la Alegría

The project, which has been underway since 2019, is dedicated to the prevention of child labour in coffee plantations in Costa Rica. The Ernesto Illy Foundation supports facilities that host the children of the coffee pickers during the working season, providing them with food, education and educational support.

With the Foundation's contribution, it was possible to open 3 Casas de la Alegría in the Sabalito region in 2024, taking in 265 minors. In addition, the Foundation contributed to the purchase of school supplies, food, hygiene products for the minors and cleaning of the facilities.

Seeds for Progress

The Ernesto Illy Foundation and illycaffè support the Cultivating Education program of the Seeds for Progress Foundation, created with the aim of preventing the risk of child labour on coffee plantations in Central America. In 2024, the Ernesto Illy Foundation contributed to the opening of a shelter, which housed the children of the pickers, providing them with a safe environment where they could spend the day, participate in educational activities and receive adequate meals.

Macuba Women & Health

Following the success of the project developed between 2019 and 2023 in the Ngororero community in Rwanda, the Ernesto Illy Foundation and the Kahawatu Foundation decided to scale up the initiative in the Macuba sector. The project saw the purchase of two hectares of land for coffee cultivation, which were allocated to 216 women and youngsters in the region. Project participants were trained in regenerative agriculture techniques, entrepreneurial skills, gender equity, business management, family planning, nutrition, hygiene, and sanitation. The project also envisages access to subsidised credit to stimulate further agricultural investment, strengthening the economic and social fabric of the region. Finally, beekeeping and the raising of 20 pigs were added to coffee growing so that organic waste from the animal farming can be used as a natural fertiliser for the coffee plants.

Save the Children

In 2024 the Ernesto Illy Foundation began to support, for a duration of three years, the Education and Protection project in Ethiopia promoted by Save the Children. This intervention aims to expand access to preschool and primary education in the Southern Nations, Nationalities and Peoples (SNNPR) and Sidama regions, improving the quality of education, with a focus on children with special needs. The project aims to ensure the right to quality education and protection from all forms of abuse and neglect by implementing an effective protection system. The initiative is focused on improving learning outcomes, starting in early childhood with the strengthening of preschool education and continuing in primary school.

World Happiness Report

In 2024, the Ernesto Illy Foundation renewed its support for the World Happiness Report with a three-year agreement to support its implementation. The World Happiness Report is a publication of global significance that analyses the level of happiness and well-being in more than 150 countries, based on indicators such as income, social support, health, freedom, generosity and perception of corruption. Since 2024, publication of the World Happiness Report has been edited by the Wellbeing Research Centre at the University of Oxford, under the guidance of Professor Jan-Emmanuel De Neve. The report remains a collaboration between Gallup, the United Nations Sustainable Development Solutions Network (SDSN) and an independent editorial board; it continues to use data from the Gallup World Poll to provide interdisciplinary insights into global well-being and is presented annually on the United Nations International Day of Happiness. According to the World Happiness Report 2024, Finland was again ranked as the happiest country in the world, maintaining this position for the seventh consecutive year. The podium was completed by Denmark and Iceland, ranked second and third, respectively, while Italy ranked 41st in the global happiness rankings.

Governance information

BUSINESS CONDUCT

Ethics, transparency and integrity

| GRI 2-16 | GRI 2-24 | GRI 2-26 | GRI 2-27 |

| GRI 3-3 | GRI 205-3 |

illycaffè promotes the dissemination of a culture of legality and fairness of conduct as essential elements for the proper functioning of the company and compliance with the principles of business ethics. illycaffè has developed and adopted its own **Code of Ethics**, which describes commitments and responsibilities in the conduct of business and company activities and which consists of general principles on relations with stakeholders, conduct criteria and implementation mechanisms, which describe the control system for compliance with the Code.

In particular, the general principles define the reference values in illycaffè's activities, which include:

- impartiality in decisions that affect relations with stakeholders;
- honesty in diligently complying with current laws, the Code of Ethics and internal regulations;
- transparency in the relationship with all stakeholders and in the reporting of its activities, ensuring truthful, clear and complete information;
- management of conflicts of interest with all stakeholders;
- confidentiality in information management;
- value of human resources as a key and indispensable element of the company's success;
- integrity and dignity of the individual and equal opportunities;
- fairness of the authority in the management of contractual relationships;
- entrepreneurship, i.e. management of the company in a cost-effective and efficient manner;
- quality of services and products as an absolute and sustainable element to guide the company's operations;
- responsibility towards the community, always maintaining as a guide the threefold economic, social and environmental sustainability;
- protection of the environment, as a primary asset to be safeguarded in consideration of future generations' rights;
- protection of cultural heritage, protection and conservation of assets of artistic, historical, archaeological, ethno-anthropological, archival and biographical interest.

Conduct criteria provide the guidelines and rules to be followed in order to comply with the general principles and to prevent the risk of unethical conduct. In this sense, the Code of Ethics defines, among other things, conduct criteria from the recruitment of employees to their management and development; it also defines criteria for health and safety, integrity, protection of the individual and of privacy, also specifying their duties, i.e. diligence and good faith, conflicts of interest, confidentiality and the protection of corporate and intellectual assets; it also indicates the conduct criteria in relations with customers, suppliers, partners and external collaborators, with the Public Administration, with other stakeholders and with shareholders.

The Code of Ethics is translated into seven languages, in addition to Italian, and circulated to all subsidiaries and branches in order to share the group's value culture; it is also subject to periodic updating with a view to continuously and constantly contrasting active and passive corruption.

illycaffè has also adopted the **Organisation, Management and Control model** pursuant to and for the purposes of Italian Legislative Decree No. 231 (the "Model") dated 8 June 2011, which is made up of two parts:

- the first, of a general nature, illustrates the aims, the recipients, the components of the preventive control system of the Model itself and, again in line with the prescriptions contained in Italian Legislative Decree No. 231/2001, the structure, functioning and tasks of the Supervisory Body, which supervises the functioning of and compliance with the Model. The first part of the Model also provides for training and information activities for company personnel on the Model's content and the disciplinary system in the event of violations of the Model's provisions;
- the second part of the Model, of a special nature, contains the description of the offences envisaged by Italian Legislative Decree No. 231/2001 and the related sanctions with reference to the areas of risk of commission of the aforementioned offences identified in the Model.

During 2024, illycaffè updated the Model in the Special Part with reference to new offences that have entered the scope of Italian Legislative Decree 231/2001 and reformulated it in its entirety, adopting a new approach that is based on the analysis of business processes rather than the traditional categorisation by offence family. This revision made it possible to refine the approach, focusing on processes considered sensitive, i.e., those business activities that, due to their nature or the way they are carried out, have a greater risk of incurring unlawful conduct. The methodological approach adopted involves a detailed mapping of business processes, identifying and associating with the same the specific families of potentially relevant offences, in order to implement appropriate prevention and control measures. This approach allows for a more dynamic and focused view, ensuring constant monitoring and proactive management of risks related to individual business activities.

The Model is completed by the **Whistleblowing** Guidelines envisaged by Italian Legislative Decree No. 231/2001, updated in accordance with the Whistleblowing Decree, Italian Legislative Decree 24/2023 and further refined in 2024 by also integrating in the same ordinary reports, i.e., information relating to conduct, acts or omissions that, while not falling within the objective scope of Italian Legislative Decree no. 24/2023, are likely to violate the provisions and principles contained in the corporate procedures and Code of Ethics of illycaffè. The Whistleblowing policy ensures the protection of whistleblowers and confidentiality of data in accordance with Italian Legislative Decree 24/2023. Lastly, the guidelines for subsidiaries and branches summarise the Model's principles for the benefit of foreign companies and the same were updated during 2024 and shared with group entities.

During 2024, illycaffè conducted an in-depth analysis of the risks of offences under Italian Legislative Decree 231/2001, including the risk of corruption, both as perpetrator and beneficiary. illycaffè has adequate control safeguards provided by the Model, which allow this risk to be classified as limited with regard to illycaffè's operations.

The initiatives undertaken, such as the mapping of processes, risk assessment, preparation and approval of the Model by the Board of Directors and its dissemination are an integral part of the training on anti-corruption issues for all those involved. In 2024, training activities related to the Code of Ethics and the Model, including anti-corruption issues, involved the entire personnel of the Italian offices of the Parent Company. In addition, audits on corruption issues are part of a broader audit programme aimed at assessing the adequacy of the internal control system and the prevention of the main business risks. If necessary, the Model provides for specific procedures for handling any investigations of corruption incidents.

It is confirmed that, also during 2024, there were neither cases of non-compliance with Italian Legislative Decree No. 231/2001, nor episodes of corruption.

Anti-corruption procedures are formally included in the Model and in Code of Ethics and are communicated to all governance bodies. The Code of Ethics, the Model and the Whistleblowing guidelines are publicly available on the company's website and also accessible via the company's intranet. The latter allows all employees to consult the company's policies, guidelines and procedures. Through this platform, it is also possible to access the Policy on Feedback Mechanisms and Complaints ensures employee involvement in identifying and implementing improvements in business practices, as well as providing a channel for reporting any issues not covered by other corporate procedures.

Integrated management system and certifications

| GRI 416-2 |

The first in the coffee sector in Italy and Europe, illycaffè obtained the ISO 9001 certification in 1996, which verifies that the production system meets certain quality requirements.

The ISO 14001 certification, obtained by illycaffè in 2003, certifies the containment of environmental impacts, systematically seeking their improvement in a sustainable manner.

In 2007, illycaffè obtained the BRCGS Food Safety certification on food hygiene and safety, confirming its commitment to guaranteeing the safety of its products.

In 2007, illycaffè obtained IFS Food certification, further confirming its commitment to the quality and food safety of its products.

In 2015, illycaffè obtained the ISO 50001 certification, aimed at continuously improving the effectiveness and efficiency of its energy performance.

In 2019, illycaffè S.p.A. obtained the ISO 45001 certification, proactively improving accidents prevention and reducing work impacts on its employees' health.

In 2021, illycaffè was the first Italian company in the coffee sector to obtain the B Corp® certification, advocating an inclusive, fair and regenerative economic system.

In 2023, illycaffè launched Arabica Selection Brasile Cerrado Mineiro, the first coffee from regenerative agriculture and certified by RegenAgri®.

The UNI/PdR 125:2022 certification, obtained in 2023, recognises illycaffè's commitment to creating inclusive and equal work environments.

In 2023, illycaffè obtained the Colombia PGI (Protected Geographical Identification) recertification, which guarantees the authenticity of the product's origin and compliance with the Café de Colombia quality standards.

With a view to offering its products to an increasing number of consumers and mindful of inclusiveness, in 1996 illycaffè obtained the Kosher certification, while in 2008 it obtained the Halal certification.

All products sold by illycaffè, both consumable and durable, are subject to directives and regulations that regulate the impacts they generate in terms of health and safety for its customers and consumers. In particular, since 2010 the illycaffè food safety management system has been verified with respect to HACCP principles. With regard to coffee machines, directives regulate electrical voltage limits (Directive 2014/35/EU), electromagnetic compatibility (Directive 2014/30/EU), the eco-design of energy-related products (Directive 2009/125/EC) and restriction of the use of certain hazardous substances (Directive 2011/65/EC). Food contact compliance is governed by Regulation 1935/2004/EC and Good Manufacturing Practices (Regulation 2023/2006/EC).

In 2024, no cases of non-compliance with legislation and/or regulations on product health and safety were recorded. The illycaffè Quality Assurance team continuously and promptly monitors any complaints or disputes received from customers and consumers, in order to initiate procedure to analyse causes and correct non-compliance, where necessary.

Appendix

METHODOLOGICAL NOTE

| GRI 2-2 | GRI 2-3 | GRI 2-4 |

Reporting scope and reference period

The reporting scope of the Sustainability statements includes all the companies fully consolidated by the illycaffè group and corresponds to that of the Consolidated Financial Statements for the year ended as at 31 December 2024. With reference to sustainability performance, the indicators reported on the basis of a different scope are reported from time to time.

For more details on the companies included in the reporting scope, please refer to the sociogram represented in the chapter "Group structure" on pages 20-21.

Drafting process and reference standards

The Management Report is the main tool for reporting illycaffè's economic-financial and sustainability performance, providing an integrated representation of the group's results on an annual basis. The indicators and quantitative information contained in the Sustainability statements are compared, where possible, with the previous financial year. The indicators refer to measurable quantities, relying to a limited extent on the use of estimates, possibly made on the basis of best practices. If restatements have been made with respect to the data already reported in previous year, an explicit indication is provided in the relative chapters and in the GRI Content Index on pages 106- 111.

The Sustainability statements was prepared in accordance with the GRI Standards 2021, in compliance with the "in accordance with" option, and following the guidelines defined by the European Sustainability Reporting Standards (ESRSs). References to the GRI Standards are reported in the individual chapters of the Sustainability statements and can be consulted in the GRI Content Index. In addition, a correspondence table with the ESRS has been prepared on pages 112-116.

The principles used to define the contents of the Sustainability statements reflect those indicated by the GRI Standards and are set out below:

- relevance;
- inclusiveness;
- sustainability context;
- completeness;
- balance between positive and negative aspects;
- comparability;
- accuracy;
- timeliness;
- reliability;
- clarity.

In consideration of the growing importance of SASB (Sustainability Accounting Standards Board) reporting for financial stakeholders, on page 117, a reconciliation table was also prepared with the GRI indicators reported to allow an integrated reading of the information reported.

The B Impact Assessment represents the external standard used to assess the impact generated to achieve the purposes of common benefit pursued as a Benefit Corporation.

The data and information collection process was coordinated by the Total Quality & Sustainability and Strategy & Investor Relations Departments and implemented by the various company functions and by the companies included in the reference scope, within which the reference Data Owners, Data Approvers and Global Approvers were identified in order to ensure an adequate number of controls and checks on data quality.

In 2024, this structure was further strengthened with the addition of a resource dedicated to ensuring full alignment of data collection, consolidation and reporting activities with the CFO Management.

This document was approved by the Board of Directors of illycaffè S.p.A. on March 27, 2025 and has been subjected to limited examination ("limited assurance") by KPMG S.p.A., which expresses in a specific report an attestation regarding the conformity of the information reported in accordance with the criteria established by the standard ISAE 3000 Revised. It should be noted that the limited review on the Sustainability Statements does not extend to the information contained in the chapter "Management of impacts, risks and opportunities" with reference to the financial materiality analysis and the annexes "ESRS Correspondence Table," "SASB Correspondence Table," and "Common Benefit Purpose Correspondence Table." The audit was carried out in accordance with the procedures set out in the Independent Auditor's Report, which can be found on pages 119-121.

Calculation methods

KPIs	Methodology
People	
Industrial relations	Employees Covered by Collective Bargaining: those employees whose employment is governed by collective contracts or agreements, whether national, industry, company or site.
Training hours	Hours provided to illycaffè employees through on-line and on-the-job training programmes. Average training hours are calculated as total training hours divided by the total number of employees as of 31 December 2024.
Employees	The number of employees was calculated as the number of employees as of 31 December 2024.
Gender Pay Gap	The Gender Pay Gap is calculated as the ratio between the basic salary and the remuneration of women compared to that of men for each category of employees.
Turnover rate	Positive: Ratio between the number of new employees during the reporting period and the number of employees at the end of the reporting year. Negative: Ratio between the number of terminations during the reporting period and the number of employees at the end of the reporting year.
Health and Safety	TRIR: frequency index of total recordable accidents (work-related injuries with days of absence, medical treatments and cases of work limitation). Numerator: total number of work-related injuries that can be recorded; denominator: hours worked in the same period. Result of the ratio multiplied by 1,000,000. LTIFR: Index of work-related injuries with serious consequences: work-related injuries with days of absence of more than 180 days or involving total or permanent disability. Numerator: number of work-related injuries with serious consequences; denominator: hours worked in the same period. Result of the ratio multiplied by 1,000,000.
Environment	
Energy consumption	The conversion factors used for petrol, diesel, natural gas, LPG, bioethanol and electricity originate from the 2024 DEFRA (Department for Environment, Food and Rural Affairs of the United Kingdom) database.
GHG emissions	Scope 1 emissions: these are the emissions directly generated by the Company's assets. Direct GHG emissions include the following gases: CO_2, GH_4, N_2O, HFC, PFC, SF_6. The emission factors used for petrol, diesel and natural gas come from the Ecoinvent database v. 3,910. Scope 2 Emissions - Market-based: these are the indirect GHG emissions calculated considering the emissions from electricity that the organisation has chosen through supply contracts. Scope 2 Emissions - Location-based: these are the indirect GHG emissions relating to the generation of electricity and heat purchased from third parties and consumed in the assets of the group companies. For the calculation, the average emission factors of the various countries in which the company operates are applied. Scope 3 emissions: these are the indirect GHG emissions divided into the 15 categories envisaged by the GHG Protocol, whose guidelines and calculation methodology have been followed.

GRI CONTENT INDEX

The following table shows the indicators reported within the Sustainability statements in accordance with the 2021 GRI Standards.

Declaration of use	illycaffè reported the information cited in this GRI index of contents for the period between 1 January 2024 and 31 December 2024, in compliance with the "in accordance with" method of the GRI Standard.
Use of GRI 1	GRI 1 - Fundamental Principles - 2021 edition

GRI Standard / other source	Notice	Location	Omission (omitted requirements, reason for omission, explanation)	Notes
General informations				
GRI 2 – General informations 2021	2-1 Organisational details	Group structure		
	2-2 Entities included in the organisation's sustainability reporting	Group structure		
	2-3 Reporting period, frequency and contact point	Methodological note		
	2-4 Restatements of information	Methodological note		
	2-5 External assurance	Appendix – Independent auditor's report		
	2-6 Activities, value chain and other business relationships	Business model and value chain Procurement of other goods and services Customers and consumers		
	2-7 Employees	Own Workforce – Employees in Numbers		
	2-8 Workers who are not employees	Own Workforce – Employees in Numbers		
	2-9 Governance structure and composition	Governance - Composition of the Parent Company's governing bodies		
	2-10 Nomination and selection of the highest governance body	Governance - Composition of the Parent Company's governing bodies		
	2-11 Chair of the highest governance body	Governance - Composition of the Parent Company's governing bodies		
	2-12 Role of the highest governance body in overseeing the management of impacts	Governance - Governance of sustainability		
	2-13 Delegation of responsibility for the management of impacts	Governance - Governance of sustainability		
	2-14 Role of the highest governance body in sustainability reporting	Governance - Governance of sustainability		

GRI Standard / other source	Notice	Location	Omission (omitted requirements, reason for omission, explanation)	Notes
GRI 2 – General informations 2021	2-15 Conflicts of interest	Governance - Composition of the Parent Company's governing bodies		
	2-16 Communication of critical issues	Business Conduct - Ethics, Transparency and Integrity		
	2-17 Collective knowledge of the highest governance body	Governance - Composition of the Parent Company's governing bodies		
	2-18 Performance assessment of the highest governance body	Governance - Composition of the Parent Company's governing bodies		
	2-19 Rules regarding remuneration	Governance- Remuneration policies and incentive plans		
	2-20 Remuneration determination procedure	Governance- Remuneration policies and incentive plans		
	2-21 Total annual remuneration ratio		For confidentiality reasons, the metric is not disclosed.	
	2-22 Statement on sustainable development strategy	Management of material topics - Sustainability strategy		
	2-23 Policy commitment	Business Conduct - Ethics, Transparency and Integrity Workers in the Value Chain – Green Coffee Sourcing		
	2-24 Integration of impacts in terms of policy	Governance - Composition of the Parent Company's governing bodies Governance - Governance of sustainability Business Conduct - Ethics, Transparency and Integrity		
	2-25 Processes aimed at mitigating negative impacts	Own Workforce – Employees in Numbers		
	2-26 Mechanisms for seeking advice and raising concerns	Business Conduct - Ethics, Transparency and Integrity		
	2-27 Compliance with laws and regulations	Business Conduct - Ethics, Transparency and Integrity		
	2-28 Membership of associations	Management of material topics - Stakeholders		
	2-29 Approach to stakeholder engagement	Management of material topics - Stakeholders		
	2-30 Collective agreements	Own Workforce – Employees in Numbers		

GRI Standard / other source	Notice	Location	Omission (omitted requirements, reason for omission, explanation)	Notes
Material topics				
GRI 3: Material topics 2021	3-1 Process to determine material topics	Management of material topics - Management of impacts, risks and opportunities		
GRI 3: Material topics 2021	3-2 List of material topics	Management of material topics - Management of impacts, risks and opportunities		
Business conduct				
GRI 3: Material topics 2021	3-3 Management of material topics	Business Conduct - Ethics, Transparency and Integrity		
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	Workers in value chain - Procurement of other goods and services		
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Business Conduct - Ethics, Transparency and Integrity		
Climate change - Climate change mitigation				
GRI 3: Material topics 2021	3-3 Management of material topics	Climate Change – Climate-Altering Emissions		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) greenhouse gas emissions	Climate Change – Climate-Altering Emissions		
GRI 305: Emissions 2016	305-2 Indirect (Scope 2) greenhouse gas emissions	Climate Change – Climate-Altering Emissions		
GRI 305: Emissions 2016	305-3 Other indirect (Scope 3) greenhouse gas (GHG) emissions	Climate Change – Climate-Altering Emissions		
GRI 305: Emissions 2016	305-4 GHG emissions intensity	Climate Change – Climate-Altering Emissions		
Energy and climate change - Energy				
GRI 3: Material topics 2021	3-3 Management of material topics	Climate change – Energy		
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Climate change – Energy		
GRI 302: Energy 2016	302-3 Energy intensity	Climate change – Energy		
GRI 3: Material topics 2021	3-3 Management of material topics	Biodiversity and ecosystems		
Water and Marine Resources - Use of water				
GRI 3: Material topics 2021	3-3 Management of material topics	Water		
GRI 303: Water and effluents 2018	303-1 Interactions with water as resource	Water		
GRI 303: Water and effluents 2018	303-2 Management of water discharge-related impacts	Water		
GRI 303: Water and effluents 2018	303-3 Water withdrawal	Water		The scope for this indicator is limited to illycaffè S.p.A. and Magic l'Espresso S.L.
GRI 303: Water and effluents 2018	303-5 Water consumption	Water		The scope for this indicator is limited to illycaffè S.p.A. and Magic l'Espresso S.L.

GRI Standard / other source	Notice	Location	Omission (omitted requirements, reason for omission, explanation)	Notes
Circular economy - Inflows of resources				
GRI 3: Material topics 2021	3-3 Management of material topics	Resource use and circular economy- Materials		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Resource use and circular economy- Materials		The scope for this indicator is limited to illycaffè S.p.A. and Magic l'Espresso S.L.
GRI 301: Materials 2016	301-2 Recycled input materials used	Resource use and circular economy- Materials		The scope for this indicator is limited to illycaffè S.p.A. and Magic l'Espresso S.L.
Circular economy - Outflows of resources				
GRI 3: Material topics 2021	3-3 Management of material topics	Resource use and circular economy- Waste		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Resource use and circular economy- Waste		
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	Resource use and circular economy- Waste		
GRI 306: Waste 2020	306-3 Waste produced	Resource use and circular economy- Waste		The scope for this indicator is limited to illycaffè S.p.A. and Magic l'Espresso S.L.
GRI 306: Waste 2020	306-4 Waste not destined for disposal	Resource use and circular economy- Waste		The scope for this indicator is limited to illycaffè S.p.A. and Magic l'Espresso S.L.
GRI 306: Waste 2020	306-5 Waste destined for disposal	Resource use and circular economy- Waste		The scope for this indicator is limited to illycaffè S.p.A. and Magic l'Espresso S.L.
Own workforce – Working conditions				
GRI 3: Material topics 2021	3-3 Management of material topics	Own Workforce – Employees in Numbers		
GRI 401: Employment 2016	401-1 New employees and turnover	Own Workforce – Employees in Numbers		
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to part-time or temporary employees	Own workforce – Welfare and benefits		
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	Own Workforce – Occupational Health and Safety		
GRI 403: Occupational health and safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	Own Workforce – Occupational Health and Safety		

GRI Standard / other source	Notice	Location	Omission (omitted requirements, reason for omission, explanation)	Notes
GRI 403: Occupational health and safety 2018	403-3 Occupational health services	Own Workforce – Occupational Health and Safety		
GRI 403: Occupational health and safety 2018	403-4 Worker participation, consultation, and communication on occupational health and safety	Own Workforce – Occupational Health and Safety		
GRI 403: Occupational health and safety 2018	403-5 Worker training on occupational health and safety	Own Workforce – Occupational Health and Safety		
GRI 403: Occupational health and safety 2018	403-6 Promotion of worker health	Own Workforce – Occupational Health and Safety		
GRI 403: Occupational health and safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Own Workforce – Occupational Health and Safety		
GRI 403: Occupational health and safety 2018	403-8 Employees covered by an occupational health and safety management system	Own Workforce – Occupational Health and Safety		
GRI 403: Occupational health and safety 2018	403-9 Work-related injuries	Own Workforce – Occupational Health and Safety		
GRI 403: Occupational health and safety 2018	403-10 Work-related ill health	Own Workforce – Occupational Health and Safety		
Own workforce - Equal treatment and opportunities for all				
GRI 3: Material topics 2021	3-3 Management of material topics	Own workforce – Equal opportunities, talent development and remuneration policies		
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	Own Workforce – Training and Professional Development		
GRI 404: Training and education 2016	404-3 Percentage of employees receiving regular performance and professional development reviews	Own workforce – Equal opportunities, talent development and remuneration policies		
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	Governance - Composition of the Parent Company's governing bodies		

GRI Standard / other source	Notice	Location	Omission (omitted requirements, reason for omission, explanation)	Notes
Own Workforce – Employees in numbers				
GRI 405: Diversity and equal opportunity 2016	405-2 Ratio between basic salary and remuneration of women and those of men	Own workforce – Equal opportunities, talent development and remuneration policies		The scope for this indicator is limited to illycaffè S.p.A.
Workers in the value chain - Equal treatment and opportunities for all				
GRI 3: Material topics 2021	3-3 Management of material topics	Workers in the Value Chain - Green coffee sourcing		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labour			
Affected communities - Economic, social, and cultural rights of communities				
GRI 3: Material topics 2021	3-3 Management of material topics	Support to local communities		
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Workers in the Value Chain - Green coffee sourcing		
Consumers and end users - Health and safety, Access to quality information and Responsible marketing practices				
GRI 3 – 2021 Material topics	3-3 Management of material topics	Customers and consumers – Product portfolio		
GRI 416: Customer health and safety 2016	416-2 Incidents of non-compliance related to the health and safety impacts of products and services	Integrated management system and certifications		

ESRS CORRESPONDENCE TABLE

Below is the correspondence table between the GRI Standards and the ESRS (European Sustainability Reporting Standards).

ESRS	DR	DR Content	GRI	GRI Content
General information				
ESRS 2	BP-1	General criteria for drafting sustainability statements	GRI 2-2	Entities included in the organisation's sustainability reporting
			GRI 3-1	Process to determine material topics
	BP-2	Information in relation to specific circumstances	GRI 2-4	Restatements of information
			GRI 2-22	Statement on sustainable development strategy
			GRI 3-2	List of material topics
			GRI 2-5	External assurance
	GOV-1	Role of the administrative, management and control bodies	GRI 2-9	Governance structure and composition
			GRI 2-12	Role of the highest governance body in overseeing the management of impacts
			GRI 2-13	Delegation of responsibility for the management of impacts
			GRI 2-14	Role of the highest governance body in sustainability reporting
			GRI 2-17	Collective knowledge of the highest governance body
			GRI 405-1	Diversity of governance bodies and employees
	GOV-2	Information provided to the administrative, management and control bodies of the company and sustainability issues addressed by them	GRI 2-12	Role of the highest governance body in overseeing the management of impacts
			GRI 2-13	Delegation of responsibility for the management of impacts
			GRI 2-16	Communication of critical issues
	GOV-3	Integrating sustainability performance into incentive systems	GRI 2-19	Rules regarding remuneration
			GRI 2-20	Remuneration determination procedure
	GOV-5	Risk management and internal controls on sustainability reporting	GRI 2-14	Role of the highest governance body in sustainability reporting
	SBM-1	Strategy, business model and value chain	GRI 2-6	Activities, value chain and other business relationships
	SBM-2	Stakeholders' interests and opinions	GRI 2-12	Role of the highest governance body in overseeing the management of impacts
			GRI 2-29	Approach to stakeholder engagement
	SBM-3	Significant impacts, risks and opportunities and their interaction with the strategy and business model	GRI 3-2	List of material topics
			GRI 3-3	Management of material topics
	IRO-1	Description of processes to identify and assess relevant impacts, risks and opportunities	GRI 2-14	Role of the highest governance body in sustainability reporting
			GRI 3-1	Process to determine material topics
	IRO-2	ESRS disclosure requirements covered by the corporate sustainability statement	GRI 1-Requirement 7	Publication of GRI Content Index and ESRS Correspondence Table

ESRS	DR	DR Content	GRI	GRI Content
Environmental Information - Climate Change				
ESRS E1	E1-3	Climate Change policy actions and resources	GRI 3-3	Management of material topics
	E1-4	Objectives related to climate change mitigation and adaptation	GRI 3-3	Management of material topics Purposes of common benefit
	E1-5	Energy consumption and energy mix	GRI 302-1	Energy consumption within the organisation
			GRI 302-3	Energy intensity
	E1-6	Scope 1, 2, 3 gross GHG emissions and total GHG emissions	GRI 305-1	Direct (Scope 1) greenhouse gas (GHG) emissions
			GRI 305-2	Energy consumption (Scope 2) indirect greenhouse gas (GHG) emissions
			GRI 305-3	Other indirect (Scope 3) greenhouse gas (GHG) emissions
	E1-6	Scope 1, 2, 3 gross GHG emissions and total GHG emissions	GRI 305-4	Greenhouse gas (GHG) emission intensity
Environmental Information - Water and marine resources				
ESRS E3	E3-2	Actions and resources related to water and marine resources	GRI 3-3 GRI 301-1	Management of material topics Interactions with water as a shared resource
	E3-4	Water Consumption	GRI 303-5	Water consumption
	E3-4	Water Consumption	GRI 303-3	Water withdrawal
Environmental information - Biodiversity and ecosystems				
ESRS E4	E4-3	Actions and resources related to biodiversity and ecosystems	GRI 3-3	Management of material topics
	E4-4	Objectives related to biodiversity and ecosystems	GRI 3-3	Management of material topics Purposes of common benefit
Environmental Information - Resource use and circular economy				
ESRS E5	E5-2	Actions and resources related to resource use and circular economy	GRI 3-3	Management of material topics
	E5-2	Actions and resources related to resource use and circular economy	GRI 306-2	Management of significant waste-related impacts
	E5-3	Objectives related to resource use and circular economy	GRI 3-3	Management of material topics Purposes of common benefit
	E5-4	Incoming resource flows	GRI 301-1	Materials used by weight or volume
			GRI 301-2	Recycled incoming materials used
	E5-5	Outgoing resource flows	GRI 306-1	Generation of significant waste and waste-related impacts
			GRI 306-2	Management of significant waste-related impacts
			GRI 306-3	Waste generated
			GRI 306-4	Waste not sent to landfill
			GRI 306-5	Waste sent to landfill

ESRS	DR	DR Content	GRI	GRI Content
Social Information - Own Workforce				
ESRS S1	SBM-2	Stakeholders' interests and opinions	GRI 3-3	Management of material topics
	SBM-3	Significant impacts, risks and opportunities and their interaction with the strategy and business model	GRI 3-3	Management of material topics
	S1-1	Policies related to own workforce	GRI 3-3	Management of material topics
			GRI 2-23	Policy commitment
			GRI 2-29	Approach to stakeholder engagement
			GRI 403-1	Occupational health and safety management system
			GRI 403-3	Occupational health services
	S1-2	Processes for involving own workers and workers' representatives in reference to impacts	GRI 2-29	Approach to stakeholder engagement
			GRI 3-3	Management of material topics
	S1-3	Processes to address negative impacts and channels for own workers to raise concerns	GRI 3-3	Management of material topics
			GRI 403-2	Hazard identification, risk assessment, and incident investigation
			GRI 2-26	Mechanisms for seeking clarification and raising concerns
			GRI 2-25	Processes aimed at mitigating negative impacts
	S1-4	Interventions on relevant impacts and approaches to mitigate relevant risks and pursue relevant opportunities in relation to own workforce, as well as the effectiveness of such actions and approaches	GRI 3-3	Management of material topics
			GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
			GRI 403-9	Work-related injuries
			GRI 403-10	Occupational disease
	S1-5	Objectives related to the management of relevant impacts, the enhancement of positive impacts as well as risks and opportunities	GRI 3-3	Management of material topics Purposes of common benefit
	S1-6	Characteristics of the company's employees	GRI 2-7	Employees
			GRI 401-1	Hiring new employees and employee turnover
	S1-6	Characteristics of the company's employees	GRI 405-1	Diversity of governance bodies and employees
	S1-7	Characteristics of non-employee workers in the company's own workforce	GRI 2-8	Workers who are not employees
	S1-8	Coverage of collective bargaining and social dialogue	GRI 2-30	Collective agreements
	S1-9	Diversity metrics	GRI 405-1	Diversity of governance bodies and employees
	S1-11	Social protection	GRI 401-2	Benefits for full-time employees that are not available to temporary or part-time employees
	S1-12	People with disabilities	GRI 405-1	Diversity of governance bodies and employees
	S1-13	Training and skills development metrics	GRI 404-1	Average hours of training per year per employee
			GRI 403-5	Worker training on occupational health and safety
			GRI 404-3	Percentage of employees receiving regular performance and professional development reviews

ESRS	DR	DR Content	GRI	GRI Content
ESRS S1	S1-14	Health and safety metrics	GRI 403-8	Employees covered by an occupational health and safety management system
			GRI 403-9	Work-related injuries
			GRI 403-10	Occupational disease
	S1-16	Remuneration metrics (pay gap and remuneration)	GRI 2-21	Total annual remuneration ratio
			GRI 405-2	Ratio between basic salary and remuneration of women compared to men
	S1-17	Serious human rights incidents, complaints and impacts	GRI 2-27	Compliance with laws and regulations
Social information - Workers in the value chain				
ESRS S2	SBM-2	Stakeholders' interests and opinions	GRI 3-3	Management of material topics
	SBM-3	Significant impacts, risks and opportunities and their interaction with the strategy and business model	GRI 3-3	Management of material topics
			GRI 408-1	Operations and suppliers at significant risk for incidents of child labour
	S2-1	Policies relating to workers in the value chain	GRI 3-3	Management of material topics
	S2-1	Policies relating to workers in the value chain	GRI 408-1	Operations and suppliers at significant risk for incidents of child labour
			GRI 2-25	Processes aimed at mitigating negative impacts
			GRI 2-23	Policy commitment
			GRI 3-3	Management of material topics
	S2-2	Processes for involving workers in the value chain regarding impacts	GRI 3-3	Management of material topics
			GRI 2-29	Approach to stakeholder engagement
	S2-3	Processes to address negative impacts and channels that allow workers in value chain to raise concerns	GRI 3-3	Management of material topics
			GRI 2-25	Processes aimed at mitigating negative impacts
	S2-4	Interventions on relevant impacts for workers in the value chain and approaches for managing relevant risks and achieving relevant opportunities for workers in the value chain as well as the effectiveness of such actions	GRI 3-3	Management of material topics
	S2-5	Objectives related to the management of negative relevant impacts, the enhancement of positive impacts as well as management of relevant risks and opportunities	GRI 3-3	Management of material topics Purposes of common benefit

ESRS	DR	DR Content	GRI	GRI Content
Social Information - Affected communities				
ESRS S3	S3-2	Processes of engagement of affected communities in terms of impact	GRI 3-3	Management of material topics
			GRI 2-29	Approach to stakeholder engagement
	S3-4	Interventions on significant impacts on affected communities and approaches to manage significant risks and achieve significant opportunities for affected communities, as well as the effectiveness of such actions	GRI 413-1	Operations with local community engagement, impact assessments, and development programs
	S3-5	Objectives related to the management of negative impacts, the enhancement of positive impacts as well as management of relevant risks and opportunities	GRI 3-3	Management of material topics Purposes of common benefit
Social information - Consumers and end users				
ESRS S4	S4-2	Processes for involving consumers and end-users regarding impacts	GRI 3-3	Management of material topics
			GRI 2-29	Approach to stakeholder engagement
	S4-4	Interventions on relevant impacts on consumers and end-users, approaches to manage relevant risks and achieve relevant opportunities in relation to consumers and end-users, and effectiveness of such actions	GRI 3-3	Management of material topics
			GRI 416-2	Incidents of non-compliance related to the health and safety impacts of products and services
	S4-5	Objectives related to the management of negative impacts, the enhancement of positive impacts as well as management of relevant risks and opportunities	GRI 3-3	Management of material topics Purposes with common benefit
Information on governance - Business conduct				
ESRS G1	GOV-1	Role of the administrative, management and control bodies	GRI 2-9	Governance structure and composition
	G1-1	Policies on corporate culture and business conduct	GRI 2-16	Communication of critical issues
			GRI 2-23	Policy commitment
			GRI 2-24	Integration of commitments in terms of policy
			GRI 2-26	Mechanisms for seeking clarification and raising concerns
	G1-3	Prevention and detection of active and passive corruption	GRI 3-3	Management of material topics
			GRI 2-27	Compliance with laws and regulations
	G1-4	Cases of active or passive corruption	GRI 205-3	Confirmed incidents of corruption and measures taken

SASB CORRESPONDENCE TABLE

GRI and SASB represent the most recognised international standards for the definition of sustainability reporting strategies and systems. In consideration of the growing importance of SASB reporting for investors, the correspondence with the indicators used in the Management Report was highlighted in the following reconciliation table.

Topic	SASB code	Accounting metric	Related GRI
Greenhouse gas emissions	FB-AG-110a.1	Global gross emissions scope 1	GRI 305-1
	FB-AG-110a.2	Discussion of the strategy or long-term and short-term plan for the management of scope 1 emissions, of the emission reduction objectives and of the performance analysis with respect to these objectives.	GRI 3-3 GRI 305-4
	FB-AG-110a.3	Fuel consumed by the fleet	GRI 302-1
Management of energy consumption	FB-AG-130a.1	(1) Operating energy consumed; (2) percentage of network electricity; (3) percentage of renewable energy.	GRI 302-1
Water resource management	FB-AG-140a.1	(1) Total water withdrawn; (2) total water consumed, percentage of each in regions with high or extremely high baseline water stress.	GRI 303-3
	FB-AG-140a.2	Description of water management risks and discussion of strategies and practices to mitigate these risks.	GRI 3-3 GRI 303-2
Health and safety of the workforce	FB-AG-320a.1	(1) Total recordable incident rate (TRIR); (2) mortality rate; (3) near-miss frequency rate (NMFR) for (a) direct employees and (b) seasonal and migrant employees.	GRI 403-9 GRI 403-10
Procurement of raw materials	FB-AG-440a.1	Identification of the main crops and description of the risks and opportunities presented by climate change.	GRI 3-3
Management of the life cycle of packaging	FB-NB-410a.1	(1) Total weight of packaging; (2) % of recycled and/or renewable materials; (3) % of recyclable, reusable and/or compostable material.	GRI 301-1 GRI 301-2
Food safety	FB-PF-250a.3	(1) Total number of food safety violation notices received (2) adjusted percentage	GRI 416-2

COMMON BENEFIT PURPOSE CORRESPONDENCE TABLE

As a Benefit Corporation, illycaffè operates responsibly, sustainably, inclusively, and transparently towards people, communities, local areas and the environment, cultural and social goods and activities, entities and associations. It produces social and environmental co-benefits that contribute to the growth of economic value for stakeholders through the pursuit of well-being, circular economy and regeneration of the biosphere.

The following table illustrates the correspondence between the common benefit purposes pursued by illycaffè and the material topics identified through the dual materiality analysis with the aim of highlighting how the group's commitment is reflected in the management of relevant issues along its value chain.

AREA	PURPOSES OF COMMON BENEFIT	MATERIAL TOPIC
ECONOMIC VALUE CREATION FOR STAKEHOLDERS	1 Help reduce risks in the coffee supply chain by promoting actions to adapt coffee growing to climate change	Biodiversity and ecosystems
	2 Contribute to climate change mitigation through socio-economically sustainable investments	Workers in the value chain
	3 Promote global initiatives and partnerships to improve sustainability through research and knowledge transfer	Biodiversity and ecosystems
PURSUIT OF WELL-BEING, UNDERSTOOD AS HEALTH AND HAPPINESS	4 Promote a healthy lifestyle, promoting the health benefits of coffee	Consumers and end users
	5 Promote improvement of quality of life through social sustainability, working environment and coffee culture	Affected communities
	6 Promote social development in areas growing coffee, fuelling the virtuous circle of well-being for those who consume it and economic value for those who produce it	Workers in the value chain
CIRCULAR ECONOMY AND REGENERATION OF THE BIOSPHERE	7 Minimise consumption of natural resources through production efficiency and processing of renewable or recyclable raw materials	Climate change
	8 Combat all types of residues, such as greenhouse gases, pollutants, waste and litter, through the promotion of regenerative agronomic practices and balancing production and disposal processes	Resource use and circular economy of Consumers and end users
	9 Promote biodiversity preservation and carbon sequestration through regenerative agronomic practices and ecosystem renewal	Biodiversity and ecosystems

INDEPENDENT AUDITOR'S REPORT

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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report on the sustainability report

To the board of directors of
illycaffè S.p.A.

We have been engaged to perform a limited assurance engagement of the "Sustainability statements" section of the management report (the "sustainability report") of the illycaffè Group (the "Group") as at and for the year ended 31 December 2024.

Director's responsibility for the sustainability report

The directors of illycaffè S.p.A. (the "parent") are responsible for the preparation of a sustainability report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards").

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of a sustainability report that is free from material misstatement, whether due to fraud or error.

They are also responsible for defining the group's objectives regarding its sustainability performance and the identification of the stakeholders and the significant aspects to report.

Auditors' independence and quality management

We are independent in compliance with the independence and ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our company applies International Standard on Quality Management 1 (ISQM Italia 1) and, accordingly, is required to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG S.p.A.
è una società per azioni
di diritto italiano
e fa parte del network KPMG
di entità indipendenti affiliate a
KPMG International Limited,
società di diritto inglese.

RINA
CERTIFIED MANAGEMENT SYSTEM
ISO 9001 - ISO 27001-27701
ISO 30415 - ISO 37001
SA 8000 - UNI PdR 125

Ancona Bari Bergamo
Bologna Bolzano Brescia
Catania Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Varese Verona

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20124 Milano MI ITALIA

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the sustainability report with the requirements of the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (Revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the sustainability report is free from material misstatement.

A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the sustainability report are based on our professional judgement and include inquiries, primarily of the company's personnel responsible for the preparation of the information presented in the sustainability report, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we performed the following procedures:

1 analysing the reporting of material aspects process, specifically how the reference environment is analysed and understood, how the actual and potential impacts are identified, assessed and prioritised and how the process outcome is validated internally;

2 comparing the financial disclosures presented in the sustainability report with those included in the group's consolidated financial statements.

3 understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the sustainability report.

   Specifically, we held interviews and discussions with the parent's management personnel. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the sustainability report.

Furthermore, with respect to significant information, considering the group's business and characteristics:

- at parent level:
  a) we held interviews and obtained supporting documentation to check the qualitative information;
  b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
- we visited the Trieste production site, which we have selected on the basis of its business, contribution to the key consolidated performance indicators and location, to meet management and obtain documentary evidence, on a sample basis, supporting the correct application of the procedures and methods used to calculate the indicators.

Illycaffè Group
Independent auditors' report
31 December 2024

Conclusion

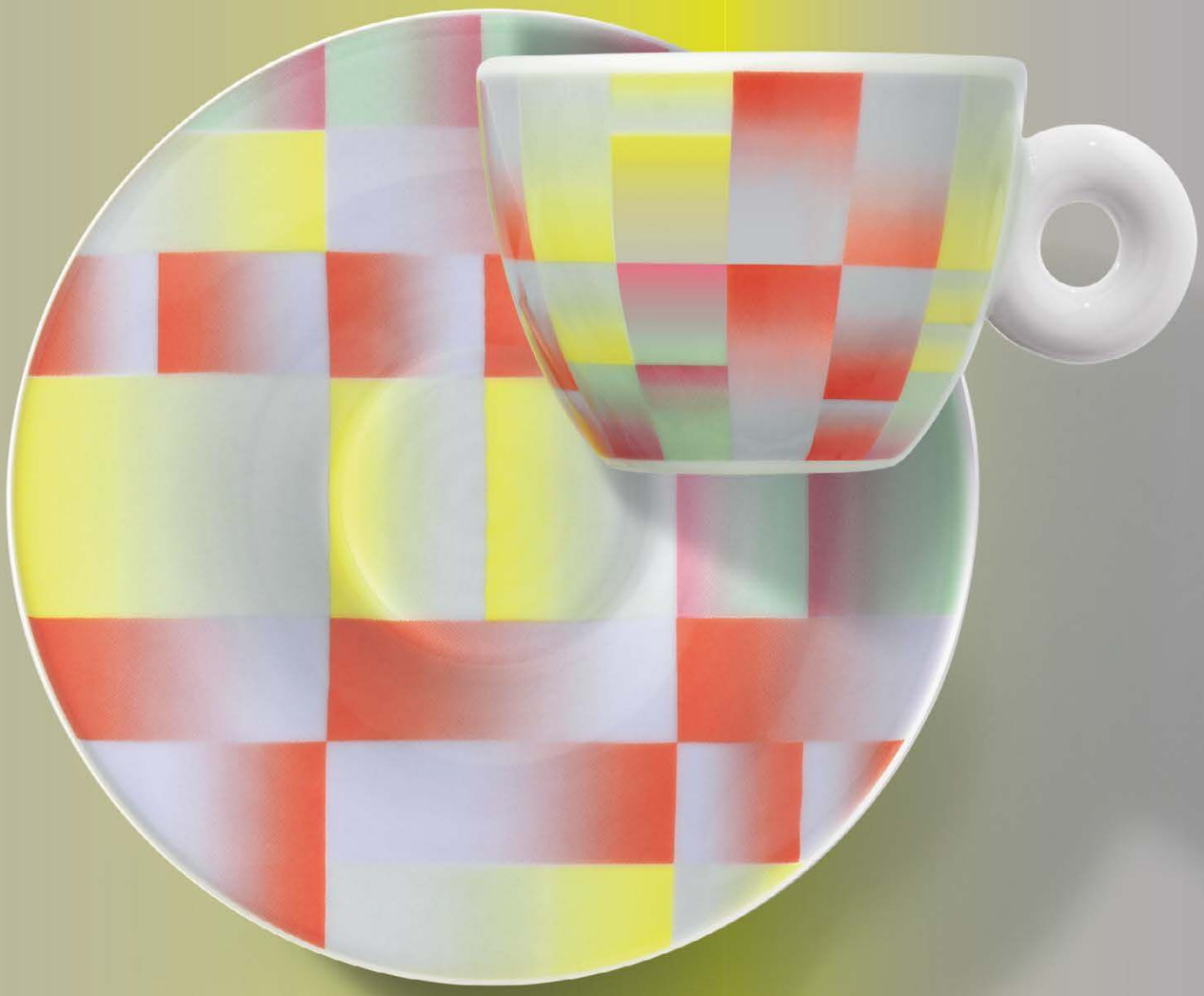
Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2024 sustainability report of the illycaffè Group has not been prepared, in all material respects, in accordance with the requirements of the GRI Standards.

Milan, 11 April 2025

KPMG S.p.A.

(signed on the original)

Paola Maiorana
Director of Audit



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Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

	2024	2023	Notes
Revenues	630,104,777	595,143,425	1
Other operating income	7,536,403	7,799,611	2
Total net revenues	**637,641,180**	**602,943,035**	
Changes in inventories of finished and semi-finished products	5,782,106	(6,831,679)	3
Costs for purchase of raw materials, consumable and finished goods	(274,236,555)	(261,335,024)	4
Costs for employee benefits	(110,596,907)	(105,571,578)	5
Costs of services	(123,954,228)	(113,542,438)	6
Amortisation/depreciation	(44,401,219)	(42,441,813)	7
Impairment losses on non-current assets	(406,481)	(5,517,035)	8
Other operating expenses	(28,695,157)	(26,857,269)	9
Total operating expenses	**(576,508,443)**	**(562,096,835)**	
Operating result (EBIT)	**61,132,737**	**40,846,200**	
Financial expenses	(14,388,608)	(12,411,310)	10
Financial income	6,008,566	5,129,737	11
Other income (expenses) on financial activities	(4,500,000)	0	12
Pre-tax profit/(loss)	**48,252,695**	**33,564,628**	
Income taxes	(14,614,326)	(9,859,900)	13
Profit/(loss) deriving from assets held for disposal net of taxation			
Profit/(loss) for the year	**33,638,369**	**23,704,728**	
Profit/(loss) attributable to:			
Ordinary shareholders of the Parent Company	33,638,176	23,704,648	
Non-controlling interests	193	80	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2024	2023
Profit/(loss) for the year (A)	**33,638,369**	**23,704,728**
Components of comprehensive income that may be reclassified to profit/(loss) in subsequent periods:		
Exchange differences from translation of foreign financial statements	960,726	(1,761,541)
Net gain/(loss) on cash flow hedges	(3,482,139)	1,199,621
Tax impact	835,713	(287,909)
Subtotal (B1)	**(1,685,699)**	**(849,829)**
Components of comprehensive income that will not be reclassified to profit/(loss) in subsequent periods:		
Actuarial profits/(losses) recognised in the statement of comprehensive income	19,477	91,083
Tax impact	(5,200)	(22,008)
Subtotal (B2)	**14,277**	**69,075**
Total other components of the statement of comprehensive income for the year, net of taxation (B1+B2)	**(1,671,422)**	**(780,753)**
Comprehensive net profit/(loss) for the year (A+B1+B2)	**31,966,947**	**22,923,974**
Total comprehensive net profit/(loss) attributable to the:		
Ordinary shareholders of the Parent Company	31,966,862	22,923,872
Non-controlling interests	86	103

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31/12/2024	31/12/2023	Notes
Non-current assets			
Property, plant and equipment	125,636,326	116,189,874	14
Intangible assets and goodwill	42,257,052	38,525,003	15
Right-of-use assets	22,892,784	24,907,491	16
Non-current financial assets	14,191,134	18,356,069	17
Other non-current assets	976,721	833,322	18
Deferred tax assets	14,108,334	15,118,955	13
Total non-current assets	**220,062,352**	**213,930,714**	
Current assets			
Inventories	128,863,598	114,967,220	19
Trade receivables	108,661,112	95,565,568	20
Current tax receivables	9,421,233	7,343,323	21
Current financial assets	14,596,242	13,568,993	22
Other current assets	6,688,518	7,095,520	23
Cash and cash equivalents	52,376,856	31,830,443	24
Total current assets	**320,607,559**	**270,371,068**	
Assets held for sale			
Total assets	**540,669,911**	**484,301,782**	
Shareholders' equity			
Share capital	50,000,000	50,000,000	
Other reserves	87,095,605	87,658,665	
Retained earnings and result for the period	48,231,957	27,036,271	
Total Group shareholders' equity	**185,327,561**	**164,694,936**	
Shareholders' equity pertaining to non-controlling interests	**12,390**	**12,303**	
Total shareholders' equity	**185,339,951**	**164,707,239**	25
Non-current financial liabilities	139,118,790	57,899,787	26
Non-current lease liabilities	14,381,001	16,381,771	27
Other non-current liabilities	3,337,961		28
Employee benefits	2,481,093	2,643,740	29
Non-current provisions	8,404,110	5,829,929	30
Deferred tax liabilities	1,986,211	3,066,136	31
Total non-current liabilities	**169,709,166**	**85,821,363**	13
Current financial liabilities	16,005,396	86,813,612	31
Current lease liabilities	6,729,445	6,542,885	27
Trade payables	126,901,160	105,148,225	32
Other current liabilities	32,348,904	32,196,452	33
Current provisions	326,554	432,584	34
Contract liabilities	607,810	462,854	35
Current tax payables	2,701,525	2,176,570	36
Total current liabilities	**185,620,793**	**233,773,181**	
Liabilities relating to assets held for sale			
Total liabilities	**355,329,959**	**319,594,544**	
Total Liabilities and Shareholders' equity	**540,669,911**	**484,301,782**	

CONSOLIDATED CASH FLOW STATEMENT

	2024	2023
Cash flows from operating activities		
Group profit (loss) for the year	**33,638,176**	**23,704,648**
Profit (loss) for the year pertaining to minority interests	**193**	**80**
Income taxes	14,614,326	9,859,900
Financial income and expense	8,952,509	7,264,626
(Dividends)	(297,625)	(218,989)
Profit (loss) on the disposal of property, plant and machinery	(291,443)	(23,586)
1) Profit (loss) for the year before income taxes, interest, dividends and gains/losses on disposals	**56,616,137**	**40,586,679**
Net change in provisions	2,468,151	(2,614,018)
Depreciation of property, plant and equipment	29,140,005	26,689,844
Amortisation of intangible assets	7,897,074	8,077,059
Amortisation of right-of-use assets	7,364,140	7,674,910
Write-downs for permanent impairment losses	406,481	3,614,035
Write-down of goodwill and investments.	4,500,000	1,893,000
Net change in employee benefits	(162,647)	(239,233)
Share-based payment transactions settled with equity instruments	518,089	596,363
Value adjustments to financial assets and liabilities of derivative financial instruments that do not involve monetary movements	(2,646,425)	(1,371,045)
Other adjustments increase/(decrease) for non-monetary items	3,877,685	
2) Net cash flows before changes to the NWC	**109,978,689**	**84,907,594**
(Increase)/decrease in inventories	(13,896,378)	22,894,028
(Increase)/decrease in trade receivables	(13,095,543)	(5,597,732)
(Increase)/decrease in other non-financial assets	(2,237,441)	961,033
(Increase)/decrease in trade payables	21,752,935	(13,964,931)
(Increase)/decrease in other current assets	407,001	1,381,557
(Increase)/decrease in other current liabilities	(11,454,412)	4,642,306
Other decreases/(Other increases) in NWC	3,194,562	
3) Net cash flows after changes to the NWC	**94,649,414**	**95,223,854**
Interest received/(Interest paid)	(8,952,509)	(7,264,626)
Income taxes paid	(2,247,323)	(509,536)
Dividends received	218,932	57

	2024	2023
NET CASH FLOWS GENERATED/(ABSORBED) FROM OPERATING ACTIVITY (A)	**83,668,514**	**87,449,749**
Investments in tangible assets	(39,745,655)	(31,244,818)
Disposals of tangible assets	1,164,427	4,368,216
Investments in intangible assets	(11,991,571)	(10,930,974)
Divestments of intangible assets	242,181	734,513
Net (investments)/divestments in non-current financial assets	(874,330)	(2,095,237)
(Investments in short-term financial assets)	(3,185,662)	
Disposal of short-term financial assets	370,612	
NET CASH FLOWS ABSORBED FROM INVESTMENT ACTIVITY (B)	**(54,019,999)**	**(39,168,300)**
Cash flows arising from financing activities		
Net increase/(decrease) in current financial liabilities	(385,583)	
Undertaking of non-current financial liabilities	100,000,000	29,980,000
Repayment of non-current financial liabilities	(90,371,593)	(42,856,829)
Repayment of principal portion of lease agreements	(7,467,605)	(11,926,253)
Dividends paid to shareholders of the Parent Company	(11,852,324)	(8,000,000)
NET CASH FLOWS GENERATED/(ABSORBED) FROM FINANCIAL ACTIVITY (C)	**(10,077,105)**	**(32,803,083)**
Other changes in shareholders' equity	975,003	(638,038)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (D = A + B + C)	**20,546,413**	**14,840,329**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (E)	**31,830,442**	**16,990,114**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (F = D + E)	**52,376,854**	**31,830,442**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Amounts in euros	Share capital	Legal reserve	Translation reserve	FTA reserve	Stock Option Reserve	Reserve for employee benefits
Opening balance at 01/01/2024	**50,000,000**	**8,979,381**	**(2,457,550)**	**(8,304,341)**	**643,745**	**(170,011)**
Net operating result for the year						
Net gain/(loss) on expected cash flow hedging transactions						
Change in the translation reserve			960,834			
Actuarial gains/(losses)						14,277
Total comprehensive income/(loss)	**0**	**0**	**960,834**	**0**	**0**	**14,277**
Allocation of the result		622,124				
Payment of dividends						
Increase					518,089	
Closing balance at 31/12/2024	**50,000,000**	**9,601,505**	**(1,496,716)**	**(8,304,341)**	**1,161,835**	**(155,734)**

Amounts in euros	Share capital	Legal reserve	Translation reserve	FTA reserve	Stock Option Reserve	Reserve for employee benefits
Opening balance at 01/01/2023	**50,000,000**	**8,619,276**	**(695,986)**	**(8,371,930)**	**47,382**	**(239,086)**
Net operating result for the year						
Net gain/(loss) on expected cash flow hedging transactions						
Change in the translation reserve			(1,761,564)			
Actuarial gains/(losses)						69,075
Total comprehensive income/(loss)	**0**	**0**	**(1,761,564)**	**0**	**0**	**69,075**
Allocation of the result		360,105				
Payment of dividends						
Increase					596,363	
Other changes						
Changes in the scope of consolidation				67,590		
Closing balance at 31/12/2023	**50,000,000**	**8,979,381**	**(2,457,550)**	**(8,304,341)**	**643,745**	**(170,011)**

Reserve for expected cash flow of hedging transactions	Other reserves	Profit carried forward	Group net result for the year	Total Group shareholders' equity	Minority interests	Net operating result of minorities	Total shareholders' equity pertaining to minority interests	Total shareholders' equity
1,696,757	**78,966,342**	**11,635,963**	**23,704,648**	**164,694,936**	**12,223**	**80**	**12,303**	**164,707,239**
			33,638,176	33,638,176		193	193	33,638,369
(2,646,425)				(2,646,425)			0	(2,646,425)
				960,834	(107)		(107)	960,726
				14,277			0	14,277
(2,646,425)	**0**	**0**	**33,638,176**	**31,966,862**	**(107)**	**193**	**86**	**31,966,947**
	(31,959)	23,114,483	(23,704,648)	0	80	(80)	0	0
		(11,852,324)		(11,852,324)			0	(11,852,324)
				518,089			0	518,089
(949,669)	**78,934,383**	**22,898,121**	**33,638,176**	**185,327,561**	**12,197**	**193**	**12,390**	**185,339,951**

Reserve for expected cash flow of hedging transactions	Other reserves	Profit carried forward	Group net result for the year	Total Group shareholders' equity	Minority interests	Net operating result of minorities	Total shareholders' equity pertaining to minority interests	Total shareholders' equity
785,045	**80,125,691**	**4,580,179**	**14,181,414**	**149,031,985**	**12,112**	**89**	**12,200**	**149,044,185**
			23,704,648	23,704,648		80	80	23,704,728
911,712				911,712			0	911,712
				(1,761,564)	23		23	(1,761,541)
				69,075			0	69,075
911,712	**0**	**0**	**23,704,648**	**22,923,872**	**23**	**80**	**103**	**22,923,974**
	(1,159,348)	14,980,658	(14,181,414)	0	89	(89)	0	0
		(8,000,000)		(8,000,000)			0	(8,000,000)
				596,363			0	596,363
		(1,338)		(1,338)			0	(1,338)
		76,464		144,054			0	144,054
1,696,757	**78,966,342**	**11,635,963**	**23,704,648**	**164,694,936**	**12,223**	**80**	**12,303**	**164,707,239**

Basis of preparation

CORPORATE INFORMATION

The illycaffè Group (hereinafter merely "illycaffè" or "the Group") is a reference group in the production and distribution of coffee and derivative, similar and complementary products, as well as food and ancillary products, in Italy and abroad, and the corresponding industrial activities.

The Group also carries out activities involving research, design, sale of machines and equipment related to the production and use of the aforementioned materials and products and the relative after-sales assistance.

It should be noted that, starting from 2019, illycaffè S.p.A. (hereinafter, also referred to as the "Parent Company") adopted the status of Benefit Corporation and this constituted a step towards crystallising its guiding principle of doing business: operating as a stakeholder company based on a model of sustainable development that, through the sharing of the value generated (economic sustainability), harmoniously pursues its own growth and a positive impact (social sustainability, environmental sustainability) on the communities in which it operates. Crystallising this process, in 2021 the company became the first Italian coffee company to achieve B Corp® certification.

The Parent Company is a joint stock company with registered office in Trieste, Via Flavia 110 and is not subject to management and coordination, pursuant to and by the effect of Article 2497 et seq. of the Italian Civil Code.

The publication of the consolidated financial statements for the year ended 31 December 2024 was authorised by the Board of Directors on 27 March 2025.

The consolidated financial statements for the year at 31 December 2024 were prepared in compliance with international accounting standards as well as the provisions issued in implementation of Article 9 of Italian Legislative Decree no. 38 of 28 February 2005.

These standards include the set of IAS (*International Accounting Standards*) and IFRS (*International Financial Reporting Standards*) issued by the International Accounting Standards Board (IASB), as well as the interpretations of the *Interpretations Committee* (IFRSIC) and the *Standing Interpretations Committee* (SIC), that have been approved according to the procedure pursuant to Article 6 of Regulation (EC) no. 1606 of 19 July 2002 by 31 December 2024. Any international accounting standards endorsed after that date and before the date of preparation of these financial statements are used in the preparation of the consolidated financial statements only if early adoption is permitted by the endorsement Regulation and the accounting standard subject to endorsement and in the event the Group has made use of this option.

The Group's consolidated financial statements are listed below:

- the income statement, in which income and expenses are classified by nature;
- the comprehensive income statement that includes income and expense items that are not recognised in the income statement for the period as required or permitted by IFRS, such as changes in the reserve for actuarial income and expenses on employee benefits and changes in the conversion reserve;
- the statement of financial position, in which assets and liabilities are classified separately into current and non-current;
- the cash flow statement in accordance with the indirect method format, whereby the pre-tax profit for the year has been stripped of the effects of transactions of a non-cash nature, of any deferrals or accruals of previous or future operating cash receipts or payments, and of elements of income or expense associated with cash flows from investing or financing activities;
- the statement of changes in the consolidated shareholders' equity with separate evidence of the operating result and of each income, charge and expense not passed through the profit (loss) of the financial year, but charged directly to net equity on the basis of the FIRS.

These consolidated financial statements are expressed in euro, the functional currency of the Parent Company. All values are stated in thousands of euros, unless otherwise indicated.

The Group has prepared the consolidated financial statements on the assumption that the going-concern requirement is maintained, after considering the provisions of IAS 1 "Presentation of Financial Statements", paragraphs 25 and 26.

SCOPE OF CONSOLIDATION

Using the line-by-line consolidation method, the Group's consolidated financial statements include the financial statements of the Parent Company illycaffè S.p.A. at 31 December 2024 and the financial statements, at the same date, of directly or indirectly controlled companies, as detailed in the following table:

Name	City or Country	Currency	Share capital	Shareholders' equity	Group ownership share	Type of shareholding	Parent Company
illy caffè North America Inc.	United States	USD	4,970	35,802,094	100.00%	Direct	illycaffè S.p.A
illycaffè France S.A.S.	France	EUR	1,064,000	5,257,634	100.00%	Direct	illycaffè S.p.A
illy espresso Canada Inc.	Canada	CAD	2,000,100	1,030,671	100.00%	Indirect	illy caffè North America Inc.
Magic L'Espresso S.L.	Spain	EUR	285,475	1,721,257	100.00%	Direct	illycaffè S.p.A
Bar Finance International S.p.A.	Italy	EUR	4,700,000	4,527,706	100.00%	Direct	illycaffè S.p.A
Experimental Agricola do Brasil Ltda	Brazil	BRL	5,360,653	40,186,835	99.99%	Direct	illycaffè S.p.A
illycaffè Sud America Comercio, Importacao e Exportacao Ltda	Brazil	BRL	100,060,653	29,046,392	100.00%	Direct	illycaffè S.p.A
illycaffè Shanghai Co. Ltd.	People's Republic of China	CNY	16,081,854	111,187,865	100.00%	Direct	illycaffè S.p.A
illycaffè UK Ltd.	Great Britain	GBP	101	1,636,846	100.00%	Direct	illycaffè S.p.A

The Parent Company is illycaffè S.p.A., established on 24 July 1933, with headquarters in Via Flavia 110, Trieste (TS). It should be remembered that the values of the permanent organisations were included every month in the accounts of the Parent Company, namely: illycaffè S.p.A. Asia Pacific Branch, illycaffè S.p.A. vestiging Nederland, illycaffè S.p.A. Niederlassung Oesterreich, illycaffè S.p.A. Niederlassung Deutschland and illycaffè S.p.A. Sucursal en Espana.

Changes in the scope of consolidation

There were no changes to the consolidation scope during the financial year.

SUMMARY OF SIGNIFICANT ACCOUNTING STANDARDS

Unless otherwise specified, the accounting standards described below were applied consistently for all periods included in these consolidated financial statements.

Consolidation criteria

The consolidated financial statements include the financial statements of illycaffè S.p.A. and its subsidiaries at 31 December 2024.

The subsidiaries indicated in the previous paragraph are consolidated on a line-by-line basis from the date of acquisition, or from the date on which the Group acquires control and cease to be consolidated on the date on which control is lost.

Subsidiaries

The companies controlled by the Parent Company were included in the scope of consolidation. The existence of control over a company is determined on the basis of:

(i) the voting rights, including potential, held by the Group and by virtue of which the Group can exercise the majority of the votes that can be exercised in the ordinary shareholders' meeting of the company;

(ii) the content of any agreements between shareholders or the existence of particular statutory clauses, which give the Group the power to govern the company;

(iii) the control by the Group of a number of votes sufficient to exercise de facto control of the ordinary shareholders' meeting of the company.

The income components are included in the consolidated financial statements starting from the date of acquisition of control and until the date of loss of control.

Receivables and payables, as well as costs and revenues deriving from transactions between companies included in the scope of consolidation, are entirely eliminated; capital losses and gains arising from transfers of fixed assets between consolidated companies, losses and gains arising from transactions between consolidated companies relating to disposals of assets that remain as inventories at the purchasing company, write-downs and reversals of write-downs of equity investments in consolidated companies, as well as intercompany dividends are also eliminated.

Assets, liabilities, costs and revenues of the subsidiaries are recognised for their total amount, attributing to the non-controlling shareholders the portion of shareholders' equity and result for the year pertaining to them.

The necessary adjustments are made to the financial statements of subsidiaries to make the measurement criteria consistent with those adopted by the Group.

The year-end date of the subsidiaries is aligned with that of the Parent Company; if this is not the case, the subsidiaries prepare specific balance sheets for use by the parent company.

Business combinations and goodwill

Business combinations are accounted for using the *acquisition method*, based on which the identifiable assets, liabilities and contingent liabilities of the acquired company, which meet the conditions for recognition according to IFRS 3, are recognised at *fair value* on the date on which the Group actually obtains control of the acquiree.

Deferred taxes are therefore recognised on value adjustments made to previous book values to align them with that value.

The application of the *acquisition method*, due to its complexity, involves a first phase of provisional determination of the current values of the assets, liabilities and contingent liabilities acquired, such as to allow an initial recognition of the transaction in the consolidated financial statements at the end of the year in which the business combination was carried out. This initial recognition is completed and adjusted within twelve months from the acquisition date. Changes to the initial consideration that derive from events or circumstances subsequent to the acquisition date are recognised in the statement of profit or loss for the year.

Goodwill is recognised as the difference between:

a) the sum of:

- the consideration transferred;
- the amount of non-controlling interests, measured aggregate by aggregate pro-rata of the identifiable net assets attributable to third parties and measured in accordance with IFRS 3;
- and, in a business combination carried out in several phases, the fair value of the interests previously held in the acquiree, recognising any resulting profit (loss) in the statement of profit or loss for the year.

b) the net *fair value* of the identifiable assets acquired and the identifiable liabilities assumed.

The amount of non-controlling interests can be calculated as the percentage due to non-controlling interests of the *fair value* referred to in point b) or, if the *full goodwill* option is applied, as the percentage due to third parties of the total *fair value* of the acquiree, also taking into account any majority premiums paid by the illycaffè Group. The application of the *full goodwill* option can also be carried out for a single business combination without the need to extend the option to all other business combinations recognised in the financial statements.

If the agreement with the seller provides for an adjustment of the price that varies according to the profitability of the business acquired, over a defined time horizon or at a predetermined future date (earn-out), the adjustment is included in the purchase price from the acquisition date and is measured at *fair value* at the acquisition date.

If, on completion of the determination of the *fair value* of assets, liabilities and contingent liabilities, the value referred to in point b) above exceeds the sum referred to in point a) above, there is no goodwill and this excess is credited in the income statement, as non-recurring income.

The costs associated with the business combination are not part of the consideration transferred and are therefore recognised in the income statement during the year.

Goodwill is periodically reviewed, at least annually, to verify its recoverability by comparing it with the higher of the *fair value* and the *value in use,* calculated as the sum of the discounted future cash flows generated by the underlying investment. Impairment losses on goodwill are recognised immediately in the income statement and cannot be reversed.

For the purpose of the adequacy analysis, the goodwill acquired in a business combination is allocated, at the acquisition date, to the individual cash-generating units of the Group, or to the groups of cash-generating units that should benefit from the synergies of the aggregation, regardless of whether other assets or liabilities of the Group are assigned to these units or groupings of units.

Each unit or group of units to which the goodwill is allocated:

- represents the smallest identifiable group of assets generating cash inflows largely independent of cash inflows generated by other assets or groups of assets;
- is not wider than the operating segments identified on the basis of IFRS 8 "Operating segments".

When goodwill is allocated to a cash-generating unit (group of cash-generating units) and part of the asset within that unit is sold, the goodwill associated with the asset sold is included in the book value of the asset, contributing to the determination of the profit or loss deriving from the sale. The goodwill sold in these circumstances is measured on the basis of the relative values of the asset sold and the portion of the unit kept in place.

When the sale concerns a subsidiary, the difference between the sale price and the net assets, together with the accumulated translation differences and residual goodwill, is recognised in the income statement.

On first-time adoption of IFRS, the Group chose not to apply IFRS 3 to acquisitions made before the date of transition to IAS/IFRS, therefore the goodwill generated on acquisitions prior to that date was maintained at the values resulting from the application of Italian accounting standards and is periodically subject to *impairment testing*.

The main differences in treatment refer to ancillary costs previously capitalised and now recognised in the income statement, the treatment of changes in the initial consideration as a result of events occurring after the acquisition, and the *fair value* measurement of the interest previously held in the equity investment.

Translation of financial statements expressed in a currency other than the functional currency

The consolidated financial statements are presented in Euro, which is the functional and reporting currency adopted by the Parent Company. Each Group company defines its own functional currency, which is used to measure the items included in the separate financial statements.

Transactions in foreign currencies are initially recognised at the exchange rate (referring to the functional currency) in effect on the date of the transaction.

Monetary assets and liabilities, denominated in foreign currencies, are translated back into the functional currency at the exchange rate in force on the reporting date.

Non-monetary items measured at historical cost in foreign currency are translated using the exchange rates in effect on the initial date of recognition of the transaction. Non-monetary items measured at fair value in foreign currency are translated using the exchange rate on the date of determination of that value.

At the reporting date, the assets and liabilities of subsidiaries that adopt a functional currency other than the euro are converted into the presentation currency of the Group's consolidated financial statements at the year-end exchange rate, and their income statement is converted using the average exchange rate for the year.

Exchange rate differences arising from translation are recognised in other comprehensive income and are shown separately in a special reserve in shareholders' equity ("*Translation difference reserve*" for the Group's share and "*Non-controlling interests in capital and reserves*" for the non-controlling interest).

Upon the disposal of one such subsidiary, the accumulated exchange rate differences related to it are reclassified from equity and recognised in the income statement.

Below are the exchange rates applied when converting financial statements in currencies other than the euro for the years ended 31 December 2024 and 31 December 2023:

	2024		2023	
Currency	Average exchange rate	End-of-year exchange rate	Average exchange rate	End-of-year exchange rate
BRL	5.82830	6.42530	5.40100	5.36180
CAD	1.48210	1.49480	1.45950	1.46420
CHF	0.95260	0.94120	0.97180	0.92600
CNY	7.78750	7.58330	7.66000	7.85090
GBP	0.84662	0.82918	0.86979	0.86905
HK$	8.44540	8.06860	8.46500	8.63140
USD	1.08240	1.03890	1.08130	1.10500

REVENUES

The Group is active in the market involved in the production and distribution of coffee and derivative, similar and complementary products, coffee machines, and food and ancillary products, in Italy and abroad, and the corresponding industrial activities.

Revenues from contracts with customers are recognised in accordance with IFRS 15.

Based on the five-step model introduced by IFRS 15, the Group recognises revenues after identifying the contracts with its customers and the related services to be fulfilled (transfer of goods and/or services), determining the consideration to which it believes it is entitled in exchange for the fulfilment of each of these services, and evaluating the manner in which these services will be fulfilled.

The Group recognises revenues only when the requirements for identifying the "contract" with the customer are met and the parties have committed to fulfil their respective obligations and it is probable that the Group will receive the consideration to which it is entitled in exchange for the goods or services that will be transferred to the customer.

Revenues from sales of coffee are recognised when the control of the goods passes to the customer, generally at the time of delivery, for an amount that reflects the consideration the Group expects to receive in exchange for the sale.

The Group considers whether there are other promises in the contract that represent obligations to perform on which a portion of the transaction consideration is to be allocated, such as in relation to customer loyalty programmes. In determining the price of the coffee sales transaction, the Group considers the effects of variable consideration and consideration to be paid to the customer.

If the consideration promised in the contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in return for transferring the goods to the customer.

The Group applies either the most probable amount method or the expected value method to estimate the variable consideration of the contract. The choice of the best method to use to predict the amount of variable consideration depends on the number of thresholds in the contract.

The measurement of consideration is adjusted for volume discounts on quantities sold, early payments with respect to normal payment terms, fees to be acknowledged to customers and customer loyalty programmes.

In particular, the Group recognises volume discounts on quantities sold to certain customers when the quantities of coffee purchased during the period exceed specific contractually defined thresholds, which adjust the related revenues; the Group also grants its customers discounts for early payment, with respect to the normal payment terms. These discounts, even when already contractualised and shown on the invoice, are not considered representative of a significant financial component and are accounted for as a reduction of the related revenues by applying the practical expedient of not taking financial components into account for short-term advances received from customers.

Revenues from the sale of coffee are also adjusted for fees to be paid to customers, including, for example, the conditional premiums for promotional services, contributions for dealing with their own contacts or contributions for marketing support and visibility activities, since the *fair value* of the service received from customers cannot be reliably estimated.

The Group has loyalty programmes that allow customers to accumulate points that can be redeemed for free with products, discounts or promotional codes. Loyalty points entail a separate obligation to perform as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers on the basis of the related stand-alone sales price and recognised as an obligation to perform as long as the points are used. Consequently, a reduction in sales revenue is estimated in the presence of a current contractual liability. Revenue is recognised when the products are redeemed by the customer.

In assessing the stand-alone price of loyalty points, the Group considers the probability that the customer will redeem the points. The Group updates its estimates of points that will be redeemed quarterly and any adjustments to the balance of contractual liabilities are booked to revenues.

Contractual liabilities

A contractual liability is an obligation to transfer to the customer goods or services for which the Group has already received payment (or for which a portion of the payment is due). If the customer pays the consideration before the Group has transferred control of the goods or services, the liability deriving from the contract is recognised when the payment is made or (if prior) when it is due.

PUBLIC GRANTS

Public grants are recognised when it is reasonably certain that they will be received and that all conditions referring to them have been met.

Grants related to cost components are recognised as a reduction of the relevant cost item or are shown as income where not directly attributable to a specific cost item and are systematically allocated between periods so as to be commensurate with the recognition of the costs they are intended to offset. Grants related to an asset are spread on a straight-line basis over the expected useful life of the relevant asset.

RECOGNITION OF COSTS

Costs are recognised when related to goods and services purchased or consumed during the year or when no utility beyond the reporting period can be recognised.

Costs directly attributable to capital transactions are recognised as a direct reduction of shareholders' equity.

Commercial costs relating to the acquisition of new customers are charged to the income statement when incurred.

DIVIDENDS

Dividends to be paid to shareholders are recognised at the date of approval of the resolution by the Shareholders' Meeting.

FINANCIAL INCOME AND EXPENSE

Financial income and expenses are recognised in the income statement on an accrual basis. Interest income and expense are recognised using the effective interest rate method. Dividend income is recognised when the Group companies' right to receive payment is established.

Dividends are recognised in profit (loss) for the year only when:

a) the entity's right to receive the dividend payment arises. Under current European company law, a distribution is authorised when it is approved by the shareholders;

b) it is probable that the economic benefits deriving from the dividend will flow to the entity;

c) and the amount of the dividend can be reliably determined.

INCOME TAXES AND INDIRECT TAXATION

The tax expense for the year includes current and deferred taxes recognised in profit/(loss) for the year, with the exception of those relating to business combinations or items recognised directly in shareholders' equity or other comprehensive income statement components.

Interest and penalties relating to income taxes are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets as they do not meet the definition of income taxes governed by IAS 12.

Current income taxes

Current tax assets and liabilities for the year are measured at the amount that is expected to be recovered or paid to the tax authorities by applying the rates and tax regulations in force or substantially approved at the reporting date in the countries where the Group operates and generates its taxable income.

Current taxes relating to items recognised directly under shareholders' equity are also recognised under shareholders' equity and not in the profit and loss statement for the year. Management periodically assesses the position adopted in the tax return in cases where tax rules are subject to interpretation in accordance with IFRIC 23 and, where appropriate, makes the relative provisions.

Starting from 2005, the Parent Company, acting as the consolidated company, together with Gruppo illy S.p.A. as consolidating company, implemented the national tax consolidation scheme option that enables IRES to be determined on a taxable base corresponding to the algebraic sum of the positive and negative taxable bases of the individual participating companies. Following the reorganisation of the *Gruppo illy S.p.A* in 2023, the option for the national tax consolidation regime was renewed with *RAA S.p.A.*, which took over from the Gruppo Illy S.p.A. as consolidating company for the 2023-2026 three-year period.

Financial transactions, as well as the mutual responsibilities and obligations between the consolidating company and the consolidated companies are defined in the "*Consolidation Regulation*" for Group companies. In the statement of financial position, current tax payables or receivables are posted respectively to the item "*Other current liabilities*" or "*Other current assets*", net of payments on account, taxes withheld and, in general, tax receivables, while in the income statement, current taxes are booked under the item "*Income taxes for the year*", for the portion due from the consolidated companies.

Any consolidation adjustments that generate benefits in the consolidated statement are recorded in the income statement under the item "*Tax revenues from consolidated taxation*", classified under the item "*Income taxes for the year*" with an offsetting entry in the balance sheet under "*Other current assets*". With regard to the transfer of withholding taxes, IRES surpluses, as well as the advances autonomously paid by the consolidated companies, since this is a real sale of assets to the consolidated company, the Group companies recognise a receivable from the consolidated company.

Deferred and prepaid income taxes

Deferred and prepaid income taxes are calculated on the temporary differences between the values of the assets and liabilities recognised in the financial statements and the corresponding values recognised for tax purposes, as well as in relation to the tax losses of previous years deductible from taxable income.

Deferred taxes are recognised on all taxable timing differences, with the following exceptions:

- deferred taxes arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit/loss nor the taxable income;
- temporary differences relating to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of reversal of the temporary differences and it is probable that, in the foreseeable future, the temporary difference will not reverse;
- the taxable temporary differences relating to the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses and tax receivables, as well as for deductible temporary differences, to the extent that it is probable that future taxable income will be available against which these assets can be used.

The value of deferred tax assets is reviewed at each period end and is reduced to the extent that it is no longer probable that sufficient tax profits will become available in the future for the use of all or part of said asset.

Unrecognised deferred tax assets are reviewed at each year-end date and are recognised to the extent that it becomes probable that future taxable income will be sufficient to allow recovery of these deferred tax assets.

Prepaid and deferred taxes are measured on the basis of the tax rates that are expected to be applied in the year in which those assets will be realised or those liabilities will be settled, considering the rates in force and those already issued, or essentially in force, at the balance sheet date in the various countries in which the Group operates.

Current and deferred taxes are charged or credited directly to equity if they relate to items charged directly to equity.

Deferred tax assets and liabilities are not discounted.

Indirect taxes

Costs, revenues, assets and liabilities are recognised net of indirect taxes, such as value added tax, with the following exceptions:

- the tax applied to the purchase of goods or services is non-deductible, in which case it is recognised as part of the purchase cost of the asset or part of the cost recognised in the income statement;
- the trade receivables and payables include the applicable indirect tax.

The net amount of indirect taxes to be recovered or paid to the tax authorities is recorded in the financial statements under the item "*Other current assets*" or under "*Other current liabilities*".

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised at purchase cost (including ancillary charges), if acquired separately, or at production cost (including direct and indirect production costs), if produced internally, or at fair value at the acquisition date if acquired through business combinations.

Property, plant and equipment are systematically depreciated (with the exception of the component relating to land and assets held for sale). The depreciation process takes place on a straight-line basis on the basis of rates deemed representative of the estimated useful life. The useful life and the depreciation criterion are periodically reviewed and if there are significant changes with respect to the assumptions adopted previously, the depreciation charge is adjusted on a prospective basis.

If an asset is composed of several components with different useful lives, these components are accounted for separately (significant components) and depreciated independently.

Costs incurred for improvements, modernisation and transformation of an incremental nature of property, plant and equipment are recognised as assets only if they can be recovered through expected future economic benefits and can be reliably estimated. Ordinary maintenance expenses are charged to the income statement in the year in which they are incurred. Any decommissioning costs are estimated and added to the asset as a contra-entry to a provision for decommissioning costs. They are then depreciated over the residual duration of the useful life of the asset of reference.

The Group grants professional coffee equipment free of charge to its customers. This equipment is recognised at purchase cost and systematically depreciated on a straight-line basis at rates deemed representative of its useful life.

The depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Property	3.00%
- Plant and equipment	12.50%
- Specific spare parts for plant and machinery	based on the useful life of the main asset
Industrial and commercial equipment	
- Coffee equipment	25.00%-30.00%
- Internal vehicles	20.00%
Other assets:	
- Electronic equipment	20.00%
- Furniture and office equipment	12.00%
- Motor vehicles	25.00%
- Light constructions	10.00%
- Printing equipment	40.00%
- Furnishings, trade shows and events	27.00%
- "Concept Bar" furniture	12.00%
- Laboratory fittings	40.00%
-Equipment of modest value	100.00%

Assets held for sale are classified separately under non-current assets held for sale and are no longer depreciated, but written down if their *fair value* is lower than the cost recognised in the financial statements.

The book value of an asset is derecognised upon disposal or when no future economic benefit is expected from its use or disposal. The gain/loss that emerges at the time of derecognition of the asset (calculated as the difference between the net book value of the asset and the consideration received) is recognised in the income statement when the item is derecognised.

Assets are assessed for impairment indicators to identify any impairment losses.

LEASES

During the first-time application of the international accounting standards (1 January 2020), the Group chose to apply IFRS 16 retrospectively (modified retrospective method). At the time of signing a contract, the Group assesses whether it is, or contains, a lease. In other words, whether the contract confers the right to control the use of an identified asset for a period of time in exchange for a fee. The Group adopts a single recognition and measurement model for all leases, except for short-term leases and leases involving low-value assets.

At the commencement date of a lease agreement, the Group recognises an asset consisting of the right of use of the underlying asset (right-of-use asset) and a liability relating to the lease payments. Specifically:

- it accounts for a right of use on the lease commencement date (i.e. the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated amortisation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets comprises the amount of recognised lease liabilities, initial direct costs incurred and lease payments made at the commencement date or prior to commencement net of any incentives received. Right-of-use assets are amortised on a straight-line basis from the commencement date to the end of the useful life of the asset consisting of the right of use. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease or if the cost of the right-of-use asset reflects the fact that the lessee will exercise the purchase option, the lessee shall amortise the right-of-use asset from the commencement date until the end of the useful life of the underlying asset. Right-of-use assets are subject to *impairment*. Assets for leases are presented separately within non-current assets;
- a financial liability is accounted on the commencement date of the lease. The Group recognises lease liabilities by measuring them at the current value of the lease payments due but not yet paid at that date. Lease payments due include fixed payments (including fixed payments in essence) net of any lease incentives receivable, floating lease payments that depend on an index or rate, and amounts expected to be paid as security for the residual value. Lease payments also include the exercise price of a purchase option, if it is reasonably certain that such an option will be exercised by the Group, and lease termination penalty payments, if the lease duration takes into account the Group's exercise of its lease termination option. Floating lease payments that are not index- or rate-dependent are recognised as costs in the period in which the event or condition giving rise to the payment occurs. In calculating the present value of payments due, the Group uses the marginal borrowing rate at the start date if the implied interest rate cannot be easily determined. After the commencement date, the amount of the lease liability increases to reflect interest on the lease liability and decreases to reflect payments made. In addition, the book value of the lease liability is restated in the event of any changes to the lease or for the review of the contractual terms for the change in payments; it is also restated for changes in the valuation of the option to purchase the underlying asset or for changes in future payments resulting from a change in the index or rate used to determine those payments. Liabilities for operating leases are presented separately, distinguishing between current and non-current; liabilities for financial leases are presented under financial liabilities - payables for loans due to other providers of finance. The Group applies the exemption for the recognition of leases relating to *low-value assets* such as computers, telephones and tablets, printers and electronic equipment, and to contracts with a duration of 12 months or less that do not contain purchase options (*short-term leases*). Fees relating to short-term leases and leases of low-value assets are recognised as costs on a straight-line basis over the lease duration.

As required by the standard, the Group has adopted certain elements of professional judgement and the use of assumptions and estimates in relation to contractual terms (*lease term*), and the definition of the incremental borrowing rate. The main ones are summarised below:

- renewal clauses, extension options and early termination of contracts are taken into account in determining the term of the contract when their exercise is deemed reasonably certain, i.e. when the Group has the right to exercise them without the need to obtain the consent of the counterparty;

- incremental borrowing rate: the Group has decided to use the *incremental borrowing rate* as the discount rate for discounting back lease payments. This rate consists of the *risk free* rate adjusted on the basis of three different *credit spreads* of the Group, determined on the basis of three different loans taken out by the same, at different times and with different durations.

INTANGIBLE ASSETS AND GOODWILL

Intangible assets are resources that are clearly identifiable and controllable by the Group, from which future economic benefits are expected for the Group. They are recognised at purchase cost if acquired separately, and are capitalised at *fair value* at the acquisition date if acquired through business combinations. Internally generated intangible assets, with the exception of development costs that meet specific requirements as defined in IAS 38, are not capitalised and are recognised in the income statement for the year in which they are incurred.

Both the useful life and the amortisation criterion are reviewed periodically and, if significant changes are found with respect to the assumptions previously adopted, the amortisation charge for the year and subsequent years is adjusted.

Intangible assets with a definite useful life are amortised over their useful life and are tested for impairment whenever there are indications of possible impairment. Amortisation begins when the asset is available for use and ceases when its useful life ends or it is classified as held for sale (or included in a disposal group classified as held for sale). Both the useful life and the amortisation criterion of an intangible asset with a finite useful life are reviewed periodically (at least at the end of each year) and, if significant changes are found with respect to the assumptions previously adopted, the amortisation charge for the year and subsequent years is adjusted.

Amortisation charges for intangible assets with a definite useful life are recognised in the statement of profit or loss for the year in the cost category consistent with the function of the intangible asset.

The amortisation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Development costs	3-5 years
- Industrial patent rights	10 years
- Know-how, intellectual property and internet domain rights	2-10 years
- Concessions, licences, trademarks and similar rights	5-10 years
- Other intangible assets	from 2 to 33 years

Goodwill and fixed assets with an indefinite useful life are not subject to amortisation, but rather to periodic tests to identify any value impairment losses. If the recoverable value is lower than the *carrying amount*, the recognised asset is appropriately written down.
The assessment of the indefinite useful life is reviewed annually to determine whether this designation continues to be sustainable, otherwise, the change from indefinite to definite useful life is applied on a forward-looking basis.

Research and development costs

Costs for research activities are charged to the income statement for the year in which they are incurred. Development costs incurred in connection with a specific project are recognised as intangible assets only if:

- the project is clearly identified and the related costs are identifiable and reliably measurable;
- the technical feasibility of the project is demonstrated;
- the intention to complete the project and to sell the assets generated by the project has been demonstrated;
- there is a potential market or, in the case of internal use, the usefulness of the intangible asset for the production of the assets generated by the project is demonstrated;
- the technical and financial resources necessary for the completion of the project are available;
- the intangible asset will generate probable future economic benefits.

After initial recognition, the development activities are measured at cost reduced by the amortisation or the accumulated impairment losses. The amortization of assets begins when development is complete and the asset is available for use. Development activities are amortised over the period of the expected benefits, normally identified as a period of up to 5 years. During the development period, the asset is subject to an annual impairment test.

LOSS IN VALUE (IMPAIRMENT) ON NON-FINANCIAL ASSETS

At each reporting date, the Group assesses whether there are any indicators of impairment of non-financial assets.

In the case of goodwill, other intangible assets with an indefinite useful life and intangible assets not yet available for use, this assessment is made at least annually, even in the absence of *impairment* indicators. In the case of property, plant and equipment as well as equity investments and intangible assets with a finite useful life, the measurement of the recoverable value is carried out whenever the periodic analysis carried out at each reporting date shows *trigger events*.

The recoverability of the values recorded is verified by comparing the book value recorded in the financial statements with the higher of the *fair value* of the asset or cash-generating unit, net of disposal costs, and its value in use. If the book value of an asset is greater than its recoverable value, that asset has suffered an impairment loss and is consequently written down to its recoverable value.

Fair value is the price that could be received to sell an asset or pay to transfer a liability in an ordinary transaction between market participants at the measurement date. Therefore, recent transactions on the market are taken into account. If it is not possible to identify such transactions, an appropriate valuation model is used.

The value in use is determined with reference to the present value of estimated future cash flows, which are assumed to result from the continuous use of an asset and its disposal at the end of its useful life, discounted by applying a post-tax discount rate that reflects the current market valuations of the present value of money and the specific risks associated with the asset. If an individual asset does not produce independent cash flows, it is not possible to determine its value in use: in this case, it will be estimated with reference to the cash-generating unit to which the asset belongs.

The Group bases its *impairment test* on the most recent and up-to-date forecast estimates drawn up and approved by the management body. These forecast estimates generally cover a period of four to five years. To project future cash flows beyond the fourth or fifth year, a long-term growth rate is calculated.

Impairment losses are recognised in the income statement when the book value of the asset is higher than the recoverable value.

With the exception of goodwill, for which impairment losses cannot be reversed, the book value of the asset is increased to the recoverable value when an impairment loss is reversed or is reduced. The value of a previously impaired asset may be reinstated only if there have been changes in the assumptions on which the calculation of the determined recoverable value was based, subsequent to the recognition of the last impairment loss. However, the increased book value of an asset due to a reversal of an impairment loss does not exceed the book value that would have been determined, net of amortisation, had no impairment loss been recognised in prior years. Reversals of an asset's value are recognised immediately as income in the income statement unless the asset is recorded at revalued value, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment at least annually, or more frequently if circumstances indicate that the book value may be impaired.

Goodwill impairment is determined by assessing the recoverable value of the flow generating unit or group of cash generating units to which the goodwill relates. If the recoverable value of the cash generating unit is less than the book value of the cash generating unit to which the goodwill was allocated, an impairment loss is recognised. Impairment losses of a cash-generating unit or group of cash-generating units are charged firstly as a reduction in the book value of any goodwill allocated to it and then as a reduction in the book values of other assets, in proportion to their book value.

FINANCIAL INSTRUMENTS

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

The financial instruments held by the Group are included in the following financial statements items:

"*Non-current financial assets*": these include non-current receivables and loans and investments in other companies;

"*Current financial assets*": these include trade receivables, receivables from loan activities, current securities and other current financial assets (including the positive *fair value* of derivative financial instruments);

"*Cash and cash equivalents*": these include bank deposits, units of liquidity funds and other highly marketable securities that can be readily converted into cash and are subject to an insignificant risk of change in value;

"*Financial liabilities*": these refer to financial payables, other financial liabilities, the negative *fair value* of derivative financial instruments, trade payables and other payables.

Financial assets

Recognition, initial measurement and measurement

Upon initial recognition, financial assets are classified, as appropriate, according to subsequent measurement methods, i.e. at amortised cost, at *fair value* in the other components of comprehensive income (OCI) and at *fair value* in the income statement.

The classification of financial assets at the time of initial recognition depends not only on the nature of the instrument, but also on the contractual cash flow characteristics of the financial assets and the business model the Group uses to manage them. With the exception of trade receivables, the Group initially values a financial asset at its *fair value* plus any transaction costs.

Upon initial recognition, trade receivables, which do not contain a significant financing component, are measured at the transaction price determined in accordance with IFRS 15.

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

- Financial assets at amortised cost (debt instruments);
- Financial assets measured at *fair valuethrough other comprehensive income;*
- Financial assets measured at *fair value through profit or loss*.

Financial assets at amortised cost (debt instruments)

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

- the financial asset is held as part of a *business* model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset envisage cash flows at certain dates consisting solely of payments of principal and interest on the principal amount to be repaid.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to *impairment*. Gains and losses are recognised in the income statement when the asset is derecognised, modified or revalued.

Financial assets measured at fair value through other comprehensive income

A financial asset must be measured at *fair value through other comprehensive income* if it is not designated at *fair value through profit or loss* and both of the following conditions are met:

- the financial asset is held as part of a *business* model whose objective is achieved both through the collection of contractual cash flows and through the sale of financial assets; and
- the contractual terms of the financial asset envisage cash flows at certain dates consisting solely of payments of principal and interest on the principal amount to be repaid.

These assets are initially recognised in the financial statements at their *fair value* plus any ancillary costs directly attributable to the transactions that generated them. At the time of subsequent measurement, the valuation carried out at the time of recognition is updated and any changes in *fair value* are recognised in the statement of comprehensive income.

Financial assets measured at fair value recognised in the income statement

Financial assets that are not classified in any of the previous categories are classified in this category.

Assets falling into this category are recognised at *fair value through profit or loss* both at the time of their initial recognition and at the time of subsequent measurement as profits or losses deriving from the change in *fair value*.

Removal from the financial statements

A financial asset or, where applicable, part of a financial asset or part of a group of similar financial assets, is derecognised in the first instance, i.e. removed from the Group's statement of financial position, when:

- the rights to receive cash flows from the asset are extinguished;
- the Group has transferred to a third party the right to receive cash flows from the asset or has assumed a contractual obligation to pay them in full and without delay and (a) has essentially transferred all risks and benefits of ownership of the financial asset, or (b) has neither transferred nor retained essentially all risks and benefits of the asset, but has transferred control of it.

In cases where the Group has transferred the rights to receive cash flows from an asset or has entered into an agreement whereby it retains the contractual rights to receive the cash flows from the financial asset, but undertakes a contractual obligation to pay the cash flows to one or more recipients (*pass-through*), it assesses whether and to what extent it has retained the risks and benefits inherent in ownership. If it has neither transferred nor retained essentially all of the risks and benefits or has not lost control over it, the asset continues to be recognised in the Group's financial statements to the extent of its continuing involvement in the asset. In this case, the Group also recognises an associated liability. The transferred asset and associated liability are measured to reflect the rights and obligations that remain with the Group.

When the entity's residual involvement is a guarantee on the transferred asset, the involvement is measured at the amount of the asset or the maximum amount of consideration received that the entity could be required to repay, whichever is the lower.

Losses in value on financial assets

The Group recognises a write-down for expected losses (so-called *expected credit loss*) for all financial assets represented by debt instruments not held at *fair value* recognised in the income statement. Expected losses are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows the Group expects to receive, discounted back to an approximation of the original effective interest rate. Expected cash flows include cash flows arising from the enforcement of secured guarantees held or other credit guarantees that are an integral part of the contractual terms.

With regard to trade receivables and assets, the Group applies a simplified approach in the calculation of the expected losses, therefore it does not monitor changes in credit risk, but recognises the expected loss in full at each balance sheet date. The Group has defined a matrix system based on historical and market information, revised to consider forward-looking elements with reference to specific types of debtors and their economic environment, as an instrument for determining expected losses.

Financial liabilities

Recognition, initial and subsequent measurement

The Group's financial liabilities include mortgages, loans, derivative financial instruments, and a bond issue. Financial liabilities are classified, at the time of initial recognition, under mortgages and loans, or as derivative instruments designated as hedging instruments. There are no financial liabilities at *fair value* recognised in the income statement, including therein derivative financial instruments entered into by the Group that are not designated as hedging instruments in a hedging relationship as defined by IFRS 9.

All financial liabilities are initially recognised at *fair value* plus, in the case of mortgages, loans and payables, directly attributable transaction costs. Subsequently, since they are loans and financing, they are measured at amortised cost. The value of the payables is subsequently reduced for the amounts paid, both as principal and interest.

Financial liabilities at amortised cost (loans and financing)

After initial recognition, loans are measured using the amortised cost approach, applying the effective interest rate method.

With regard to the change in the contractual terms of a financial liability, the Group assesses when such a change can be considered "substantial," thus giving rise to an accounting *derecognition of the financial liability*. If the change is not substantial in nature ("*modification*"), the financial liability is not extinguished and the Group recognises the profit or loss deriving from this change in the income statement.

In the case of instruments maturing within twelve months, the nominal value is used as an approximation of the amortised cost.

It follows that if the interest rate of the transaction is not significantly different from the market rate, the payable is initially recorded at a nominal value net of all transaction costs and all premiums, discounts and rebates directly derived from the transaction that generated the payable. These transaction costs, as ancillary costs for obtaining the loans, any commission and any difference between the initial value and the nominal value at maturity are spread over the duration of the payables using the effective interest approach.

On the other hand, when it appears that the interest rate of the transaction based on contractual conditions is significantly different from the market rate, the payables (in addition to the corresponding cost in the case of commercial transactions) is initially recognised at a value equal to the present value of future cash flows taking into account any transaction costs. The rate used to discount future flows is the market rate.

Amortised cost is calculated by recognising the discount or premium on the acquisition and the fees or costs that

form part of the effective interest rate. Amortisation at the effective interest rate is included in financial expense in the statement of profit/loss.

Removal from the financial statements

A financial liability is derecognised when the obligation underlying the liability is extinguished, cancelled or discharged. Where an existing financial liability is exchanged for another financial liability of the same lender under substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability from the accounts, accompanied by the recognition of a new liability, with any differences between the book values recognised in the income statement.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Recognition, initial and subsequent measurement

The Group uses derivative financial instruments including currency forwards, interest rate *swaps*, *commodity swap transaction* and options to purchase *commodities* to hedge its exchange rate risks, interest rate risks and the price risks in relation to the raw material green coffee or washed coffee, respectively. The company's policy is to use these instruments within the limits defined by the needs of ordinary operations, and not to take on positions for speculative purposes.

For the purposes of accounting for these derivative financial instruments, the Group adopts the provisions of IFRS 9.

The documentation that formalises the hedging relationship to which *hedge accounting* is to be applied includes the identification of:

- the hedging instrument;
- the hedged item or transaction;
- the nature of the risk;
- the methods with which the company intends to assess the effectiveness of the hedge in offsetting the exposure to changes in fair value of the hedged item or the cash flows attributable to the hedged risk.

The hedging relationship meets the eligibility criteria for hedge accounting if:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of the credit risk does not override the changes in value resulting from the aforementioned economic relationship;
- a ratio of coverage is determined equal to the ratio between the quantities of derivative financial instruments used and the quantity of items hedged to an extent that does not entail ex ante the ineffectiveness of the hedge.

The verification of the economic relationship is carried out qualitatively, verifying that the supporting elements of the covering instrument and the covered element are corresponding or closely aligned, and in a quantitative manner.

On initial recognition, these instruments are measured at *fair value*. At subsequent reporting dates, the *fair value* of derivatives must be remeasured and:

(i) if these instruments do not meet the requirements for hedge accounting, the changes in *fair value* that arise after initial recognition are charged to the income statement;

(ii) if these instruments meet the requirements of a *fair value hedge*, from that date the changes in *fair value* of the derivative are recognised in the income statement; at the same time, changes in *fair value* due to the hedged risk are recognised as an adjustment to the book value of the hedged item and, as a balancing entry, to the income statement; any ineffectiveness of the hedge is recognised in the income statement, in a separate item from that in which the changes in *fair value* of the hedging instrument and the hedged item are classified;

(iii) if these instruments meet the requirements of a cash flow hedge, starting from that date, the changes in *fair value* of the derivative are recognised in equity limited to the effective portion of the hedge and in the income statement for the ineffective portion; the changes in *fair value* of the derivative recognised in equity are reclassified to the income statement in the period in which the hedged transaction affects the income statement; when the object of the hedge is the purchase of a non-financial asset, the changes in *fair value* of the derivative recognised in equity are reclassified as an adjustment to the purchase cost of the hedged asset;

(iv) if these instruments meet the requirements of a *hedge of a net investment of a foreign operation*, starting from that date the changes in *fair value* of the derivative adjust the "translation difference" limited to the effective portion of the hedge and are allocated to the income statement for the ineffective portion;

(v) hedging is carried out by the designated instrument, considered as a unit. In the case of options or *forward* contracts, however, only a part of the derivative is designated as a hedging instrument; the residual component is charged to the income statement. In particular, in the case of options, only changes in *fair value* due to changes in *intrinsic value* are designated as hedging instruments; on the other hand, changes in *fair value* of the option due to changes in *time value* are recognised in the income statement and are not considered in the measurement of the effectiveness of the hedge. In the case of *forward* contracts, only changes in *fair value* due to changes in the spot rate are designated as a hedging instrument; on the other hand, changes in *fair value* due to changes in *forward* points are recognised in the income statement and are not considered in the measurement of the effectiveness of the hedge.

If the hedge becomes ineffective or if there is a change in the Group's hedging strategies, hedge accounting is discontinued. Specifically, *hedge accounting stops*, with prospective effects, when hedging becomes ineffective or when the change in hedging strategies occurs.

If, in a *fair value hedge*, the hedged item is a financial instrument measured using the effective interest rate method, the adjustments made to the book value of the hedged item are amortised starting from the date on which the *fair value hedge* accounting is discontinued and therefore the hedged item ceases to be adjusted for changes in *fair value* attributable to the hedged risk.

Transactions hedging exchange rate risk due to *forecasted transactions* and *firm commitments* are recognised in the financial statements according to the *cash-flow hedge accounting model*.

Derivatives are recognised as assets if the *fair value* is positive and as liabilities if negative. These balances are shown under current assets or liabilities if they relate to derivatives that do not meet the hedging requirements, while they are classified in line with the hedged item in the other cases.

In particular, if the hedged item is classified under current assets or liabilities, the positive or negative *fair value* of the hedging instrument is shown under current assets or liabilities; if the hedged item is classified under non-current assets or liabilities, the positive or negative *fair value* of the hedging instrument is shown under non-current assets or liabilities.

INVENTORIES

Inventories are measured at the lower of purchase or production cost and the net estimated realisable value based on market trends. For raw materials, the acquisition cost is determined using the weighted average cost.

For finished products and goods, the purchase or production cost is determined on the basis of the weighted average costs for the year, including ancillary purchase costs and direct and indirect production costs for the reasonably attributable part.

Obsolete and slow-moving stocks are written down in relation to their possibility of use or sale.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes liquid financial assets and financial investments with a residual maturity at the date of purchase of less than three months and subject to an insignificant risk of change in their value. The aforementioned financial assets are recognised at their nominal value.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges concern costs and charges of a determined nature and of certain or probable existence that at the year-end date cannot be determined with certainty in terms of amount or date of occurrence.

Provisions are recognised when the following conditions are met:

(i) the Group has a current legal or implied obligation arising from a past event;

(ii) it is probable that the fulfilment of the obligation will require the use of resources likely to produce economic benefits;

(iii) the amount of the obligation can be reliably estimated.

The amount allocated in the financial statements represents the best estimate of the amount that the company would rationally pay to settle the obligation or to transfer it to third parties at the reporting date.

When the financial effect of time is significant and the settlement dates of obligations can be reliably estimated, the provision is discounted; when the provision is discounted, the increase in the provision related to the passage of time is charged to the income statement as a financial expense.

EMPLOYEE BENEFITS

Short-term employee benefits are recognised as an expense when the service that gives rise to these benefits is provided.

The Group recognises a liability for the amount that is expected to be paid when it has a current, legal or implied obligation to make such payments as a result of past events and it is possible to make a reliable estimate of the obligation.

Post-employment benefits are defined on the basis of plans, albeit not formalised, which according to their characteristics are divided into defined contribution plans and defined benefit plans.

In defined contribution plans, the obligation of the company is limited to the payment of the contributions agreed with the employees and is determined on the basis of the contributions due at the end of the period, less any amounts already paid.

In defined benefit plans, the amount recognised as a liability is equal to:

(a) the present value of the defined benefit obligation at the reporting date;

(b) plus any actuarial gains (less any actuarial losses);

(c) less any social security costs relating to past service not yet recognised;

(d) less the *fair value* at the reporting date of the assets serving the plan (if any) outside of which the obligations must be extinguished directly.

In defined benefit plans, the cost charged to the income statement is equal to the algebraic sum of the following elements:

(a) the social security cost relating to current services;

(b) financial expense deriving from the increase in liabilities as a result of the passage of time;

(c) the expected return on any assets serving the plan;

(d) the social security cost relating to past services;

(e) the effect of any reductions or terminations of the programme.

Actuarial gains and losses are recognised in other comprehensive income.

All net financial expenses on defined benefit plans are recognised under financial income (expense) in the income statement.

SHARE-BASED PAYMENTS

The Group pays some members of senior management and other beneficiaries who hold key positions in the Group incentives consisting of share capital plans.

The value of these share-based payments is measured by reference to the fair value at the assignment date. Fair value is determined using an appropriate valuation model.

The cost of transactions settled with securities, together with the corresponding increase in shareholders' equity, is recognised in the period starting from the moment in which the conditions relating to the achievement of objectives and/or the provision of the service are met and ends on the date on which the employees concerned have fully accrued the right to receive the remuneration ("vesting date").

The cumulative costs recognised for these transactions at each year-end date until the vesting date are commensurate with the expiry of the vesting period and the best available estimate of the number of equity instruments that will actually vest. The cost or revenue in the income statement represents the change in the cumulative cost recognised at the beginning and end of the period.

ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale include, respectively, non-current assets (or groups of assets held for sale) and the associated liabilities, the sale of which is highly probable within one year according to a specific plan and the book value of which will therefore be recovered primarily through a sale transaction rather than through continued use. These items are measured at the lower of the net book value at which these assets and liabilities were recognised and the *fair value* less foreseeable costs of disposal. From the date on which these assets are classified in the category of non-current assets held for sale, the related amortisation/depreciation is suspended. Any losses deriving from this valuation are recognised in a specific item of the income statement.

CHANGE IN ACCOUNTING STANDARDS AND DISCLOSURE

New accounting standards, interpretations and amendments adopted by the Group

The Group has not adopted any other standards, interpretations or amendments in advance that have been issued but are not yet effective.

IFRS standards/Interpretations approved by the IASB and endorsed by the European Union

The following table shows the IFRS/Interpretations approved by the IASB and endorsed for adoption in the European Union and applied for the first time in the current year.

Document title	Issue date	Date of entry into force	Approval date	EU Regulation and publication date
Lease liabilities in a sale and leaseback transaction (Amendments to IFRS 16)	Sep-22	1 January 2024	20/11/2023	(EU) 2023/2579 21/11/2023
Classification of liabilities as current or non-current (Amendments to IAS 1) and Non-current liabilities with clauses (Amendments to IAS 1)	Jul-20 Oct-22	1 January 2024	19/12/2023	(EU) 2023/2822 20/12/2023
Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 9)	May-23	1 January 2024	15/05/2024	(EU) 2024/1317 16/05/2024

The amendments to IAS 1, which apply retrospectively, clarify the requirements for determining whether a liability should be classified as current or non-current and require new financial statement disclosures for non-current liabilities that include clauses (*covenants*) that must be met within 12 months of the reporting period.
The amendments to IFRS 16 concern the definitions of liabilities deriving from the *leaseback* and the recognition of any *gains* or *losses* deriving from the transaction.

The amendments to IAS 7 and IFRS 9 have introduced new disclosure requirements with respect to *supplier finance* agreements.

With reference to the standards and interpretations detailed above, the adoption did not have a material impact on the measurement of the Group's assets, liabilities, costs and revenues.

The following table shows the IFRS/Interpretations approved by the IASB and endorsed for adoption in the European Union the mandatory effective date of which is after 31 December 2024.

Document title	Issue date	Date of entry into force	Approval date	EU Regulation and publication date
Lack of Exchangeability (Amendment to IAS 21)	Aug-23	1 January 2025	12/11/2023	(EU) 2024/2862 13/11/2024

The amendments to IAS 21 aim to clarify when a currency is exchangeable for another currency and how to estimate the spot exchange rate of a currency when there is a lack of exchangeability.
With reference to the standards and interpretations detailed above, the adoption is not expected to have a material impact on the measurement of the Group's assets, liabilities, costs and revenues.

Forthcoming accounting standards and interpretations

IFRS standards/Interpretations approved by the IASB and not endorsed by the European Union

Below are the international accounting standards, interpretations, amendments to existing accounting standards and interpretations, or specific provisions contained in the standards and interpretations approved by the IASB that have not yet been endorsed for adoption in the European Union at 31 December 2024.

Description	Issue date by the IASB	Date of entry into force of the IASB document	Envisaged approval date by the EU
Standards			
IFRS 18 Presentation and disclosure in financial statements	09/04/2024	1 January 2027	to be defined
IFRS 19 Subsidiaries without public accountability: disclosures	09/05/2024	1 January 2027	to be defined
Amendments			
Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7)	30/05/2024	1 January 2026	to be defined
Annual improvements – Volume 11 (Amendments to IAS 7 and IFRS 1, 7, 9, 10	18/07/2024	1 January 2026	to be defined
Contracts referencing nature-dependent electricity (Amendments to IFRS 9 and IFRS 7)	18/12/2024	1 January 2026	to be defined

With reference to the standards and interpretations detailed above, the adoption is not expected to have a material impact on the measurement of the Group's assets, liabilities, costs and revenues.
However, based on a preliminary analysis of the new requirements contained in IFRS 18, the Group expects that its implementation will mainly determine changes to the classification methods of certain cost and revenue components as well as to the presentation method of the income statement and the cash flow statement. These impacts are still being analysed by the Group.

DISCRETIONARY ASSESSMENTS AND SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the financial statements requires the Directors to apply accounting standards and methods which, in certain circumstances, are based on valuations and estimates based on historical experience and assumptions that are considered reasonable and realistic from time to time in relation to the related circumstances.

The application of these estimates and assumptions has an effect on the values of the assets and liabilities, of the costs and revenues recognised in the financial statements and on the disclosure relating to contingent assets and liabilities at the year-end date. The final results could differ from these estimates.

Below is a brief description of the financial statement items that require more subjectivity on the part of the Directors in preparing the estimates than others and for which a change in the conditions underlying the assumptions used could have a significant impact on the financial data.

- **Measurement of receivables:** trade receivables are adjusted by the related allowance for doubtful receivables to take into account their actual recoverable value. Determining the amount of the write-downs made requires the Directors to exercise subjective judgement based on the documentation and information available also regarding the customer's solvency, as well as on experience and historical trends.
- **Measurement of goodwill and intangible assets with an indefinite useful life:** in accordance with the accounting standards applied by the Group, goodwill and intangible assets with an indefinite useful life are subject to an *impairment test* at least annually in order to ascertain whether there is any indication of impairment. This test requires the Directors to make subjective assessments based on the information available within the Group and from the market, as well as on historical experience; they also depend on factors that may vary over time, influencing the valuations and estimates made by the Directors. In addition, if it is determined that a potential impairment may have been generated, the Group proceeds to determine it using valuation techniques deemed appropriate.
- **Provisions for risks:** the identification of the existence or otherwise of a current obligation (legal or implicit) is not easy to determine in some circumstances. The Directors assess these phenomena on a case-by-case basis, together with the estimate of the amount of economic resources required to fulfil the obligation. When the Directors believe that the occurrence of a liability is only possible, the risks are indicated in the specific disclosure section on commitments and risks, without giving rise to any allocation.

- **Valuation of closing inventories:** the closing inventories of products with obsolescence or slow turnover characteristics are periodically subjected to valuation tests and written down if their recoverable value is lower than the book value. The write-downs made are based on assumptions and estimates by management deriving from its experience and from the historical results achieved.
- **Pension plans and other post-employment benefits:** Group companies participate in pension plans and other post-employment benefits in various countries. Management uses multiple statistical assumptions and valuation factors with the aim of anticipating future events to calculate the charges, liabilities and assets relating to these plans. The assumptions concern the discount rate, the expected return on assets servicing the plan and rates of future salary increases. In addition, the Group's consulting actuaries also use subjective factors, such as mortality and resignation rates.
- **Lease term:** determined on the basis of the individual agreement and consisting of the "non-cancellable" period together with the effects of any extensions or early terminations the exercise of which was deemed reasonably certain and considering the terms of the contract itself. Specifically, for properties, this valuation considered the specific circumstances of each asset on a consistent basis with the Group's long-term plans. With regard to other categories of assets, the Group has generally considered it unlikely that any extension or early termination clauses would be exercised in consideration of the approach usually followed by the Group.
- **Actualisation rate of leases falling under IFRS 16**(*incremental borrowing rate*): the Group cannot easily determine the implicit interest rate of the operating lease and therefore uses the incremental borrowing rate to measure the lease liability. The incremental borrowing rate is the interest rate that the lessee would have to pay for a loan, with a similar duration and with similar collateral, required to obtain an asset of similar value to the right-of-use asset in a similar economic context. The Group has estimated the incremental borrowing rate using observable data, such as, for example, market interest rates for the various durations of the lease agreements.
- **Depreciation and amortisation** of property, plant and equipment, intangible assets and right-of-use assets, recognised on the basis of the estimate of the residual useful life and their recoverable value. The estimate of the useful lives, also with reference to any capital gains allocated at the time of business combinations, is made by management on the basis of generally applicable valuation practices, based on industry experience and knowledge, and is critically reviewed at each period end.
- **Taxes:** income taxes are recognised on the basis of the best estimate of the rate expected for the entire year. Deferred tax assets are recognised to the extent that it is probable that there will be a taxable profit in the future that will allow the utilisation of the losses. Significant estimation by management is required to determine the amount of tax assets that can be recognised based on the level of future taxable profits, the timing of their occurrence and the applicable tax planning strategies.

Measurement of fair values

Various accounting standards and some disclosure obligations require the Group to measure the *fair value* of financial and non-financial assets and liabilities.

In measuring the *fair value* of an asset or liability, the Group uses observable market data as far as possible. The *fair values* are divided into various hierarchical levels based on the input data used in the valuation techniques, as illustrated below.

- Level 1: quoted prices (unadjusted) on active markets for identical assets or liabilities;
- Level 2: *input* data other than the quoted prices referred to in Level 1 that are observable for the asset or liability, both directly (prices) and indirectly (derived from prices);
- Level 3: input data relating to the asset or liability that are not based on observable market data.

If the *input* data used to measure the *fair value* of an asset or liability can be classified in the different levels of the *fair value* hierarchy, the entire measurement is included in the same hierarchy level as the lowest level *input* that it is significant for the entire assessment. The Group recognises the transfers between the various levels of the *fair value* hierarchy at the end of the period in which the transfer took place.

SEGMENT INFORMATION

The Parent Company does not have any securities traded or that may soon be issued for trading on financial markets and is therefore exempt from the obligation to report segment financial information, as required by IFRS 8.

EARNINGS PER SHARE

The Group has no ordinary shares or potential ordinary shares traded or that may soon be issued for trading in the financial markets; therefore, it does not apply the IAS 33 standard, which governs the disclosure of earnings per share.

FINANCIAL RISK MANAGEMENT CRITERIA AND OBJECTIVES

The Group constantly monitors its exposure to financial risks with the aim of stabilising cash flows and ensuring the alignment of the operating result with what was planned in the *budget*.

These risks are managed centrally by the Administration, Finance and Control Department, based on the guidelines agreed with senior management. In particular, market risk management with regard to raw materials, exchange rates and interest rates is regulated by a Group policy approved in February 2017 and updated at the end of 2021, which defines the perimeter of exposure, the time horizon, the roles and responsibilities as well as the derivative instruments allowed for hedging for said risks.

Commodity price risk

The Group is exposed to the risk of changes in commodity prices, given the extremely volatile nature of the coffee market, which is influenced by macroeconomic factors (e.g. supply and demand) and financial factors (e.g. *index funds, hedge funds, etc.*).

The objective of commodity risk management is to stabilise the purchase cost of the raw material in order to ensure alignment with the values defined in the forecast and multi-year plan as far as is possible. In addition to defining pre-defined price agreements with producers, derivative financial instruments are used with banks specialised in the agricultural sector, with a time horizon that is at most equal to the multi-year plan, always following the guidelines defined in the *Financial Risk Policy*.

During 2024, the company did not enter into any new derivative hedging contracts for the purchase of coffee. However, there are fixed price agreements with some green coffee producers which will terminate during the following financial year.

Exchange rate risk

The Group operates in an international context in which transactions are also conducted in currencies other than the euro, essentially US dollars, exposing it to the risk of fluctuating exchange rates. The exchange rate risk is managed (deriving from changes in the euro values of cash flows in foreign currencies due to an exchange rate that is different from what was defined in the budget) and partly also the accounting exchange risk to reduce the impact of changes in the exchange rate between the date of invoicing and the date of collection. The centralisation in the Parent Company of activities related to the management of such risk allows – where possible - *natural hedging* between the incoming and outgoing forecast flows. If the net balance is higher than five hundred thousand euros per annum, any hedging transactions are decided in accordance with the provisions of the budget/multi-year plan and using the financial instruments defined in the Financial Risk Policy.

The translation risk associated with the translation of the assets/liabilities of consolidated companies that prepare their financial statements in currencies other than the euro is not managed.

Foreign exchange derivative transactions outstanding at 31 December 2024 are described in Note 22.

The following table shows the sensitivity to a reasonably possible change in the exchange rate of the US dollar and the Brazilian real, with all other variables held constant. The effect on the Group's profit before tax is due to changes in the *fair value* of monetary assets and liabilities outstanding at year end, including derivatives in foreign currency, while that on shareholders' equity pre-taxation also includes the effect of the conversion of the net assets/liabilities of the American consolidated companies. The Group's exposure to exchange rate changes for all other foreign currencies is not significant.

Appreciation/depreciation of the exchange rate	Increase/decrease in the pre-tax profit	Increase/decrease pre-taxation on the shareholders' equity
5% EUR vs. USD	(558,022)	(2,199,438)
-5% EUR vs. USD	141,454	1,955,650
5% EUR vs. BRL	(46,541)	(236,737)
-5% EUR vs. BRL	51,440	261,657

Interest rate risk

Borrowing from banks exposes the Group to the risk of changes in interest rates. Specifically, loans at floating rates determine the risk of an increase in financial expenses, whereas fixed-rate loans (including the bond loan issued in 2015) entail a potential change in the *fair value* of the loans.

Interest rate risk, in terms of increase in financial expense, is managed by the Financial Risk Policy where the use of financial hedging instruments is envisaged.

At 31 December, there were two *Interest Rate Swap* agreements in place, the characteristics of which are more fully described in Note 17, where the Group agrees to exchange, at defined intervals, the difference in amount between the fixed rate and the floating rate calculated making reference to an agreed notional principal amount. These swaps are designated to hedge the underlying debt. At 31 December 2024, after taking into account the effect of the IRSs, approximately 60% of the Group's loans are fixed-rate (2023: 45%).

The following table illustrates the sensitivity to a reasonably possible change in interest rates on that portion of debt and loans, after the effects of hedge accounting. With all other variables held constant, and thus based on the value of the financial debt/credit at the end of the year, the Group's profit before of taxes is affected by the impact on floating-rate loans as follows:

Increase/decrease in the basis points	Increase/decrease in the pre-tax profit
+100BPS	(537,862)
-100BPS	537,862

Credit risk

Credit exposure is divided among a high number of counterparties and customers. The Group strives to reduce the risk resulting from the insolvency of customers through rules ensuring that sales are made to reliable and solvent customers, especially in Italy. These rules, based on the available information on customer solvency and historic data statistical series, combined with exposure limits per individual customer, reduce credit concentration and minimise the relative risk. In the event of changes in the payment terms, guarantee measures are put in place to protect payments. Positions involving significant amounts for which the Group identifies situations of objective, total or partial, non-recoverability, taking into consideration any guarantees obtained and the costs and expenses of recovery, are written down individually.

Also, the Group makes appropriate provisions for receivables that have not been written down individually on the basis of the expected losses. The write-down percentages are determined on the basis of that which the reference standard suggests, estimating the probability of default on the historical basis of past losses and collection experience in the previous twenty-four months.

In particular, the write-down percentages in the previous twenty-four months are based on the days past due for each class of customers grouped in the various segments that show similar historical loss trends (by geographical area and by past due class).

Disclosure on the credit risk exposure on the trade receivables is illustrated in note 20.

Liquidity risk

This risk could be manifested in inability on the part of the Group to find, at optimal financing conditions and adequate timing, the financial resources needed to sustain operations. The Group's cash flows, borrowing requirements and liquidity are constantly monitored centrally by the Finance and Treasury function in order to ensure the effective and efficient management of financial resources; these include bank overdrafts, medium/long-term bank loans, a bond issue and financial *lease* agreements.

The Group's capacity for generating operating cash flows, structuring its financial debt maturities and the confidence that the banking system has in it, with the consequent availability to access sources of funding, mean that the liquidity risk is regarded as well-controlled.

CAPITAL MANAGEMENT

For the purpose of the Group's capital management, it has been defined to include the issued share capital, the share premium reserve and all other reserves, including retained earnings (Group shareholders' equity).

The main objective of capital management is chiefly related to obtaining a strong credit *rating*, in order to support operations and maximise shareholder value.

The Group monitors capital by following the trend of the debt ratio, which is derived from the comparison between the value of the net financial position and consolidated shareholders' equity. In the net financial position, the Group includes loans and funding, including financial lease payables (but not operating *lease* payables), derivative contracts, liquid funds and cash equivalents.

	31/12/2024	31/12/2023
Short and medium-term net financial debt	174,042,347	166,787,160
Net value of derivative contracts	1,471,926	(2,405,759)
Liquid funds and other current financial assets	(65,916,885)	(42,184,810)
Net financial position	**109,597,387**	**122,196,591**
Group shareholders' equity	**185,327,561**	**164,694,936**
NFP/Group shareholders' equity ratio	**59%**	**74%**

The Group's capital management aims, among other things, to ensure that covenants related to interest-bearing loans and the like (excluding operating leases), which define capital structure requirements, are met. Breaches of the covenants would allow banks to demand immediate repayment of loans and financing.
In the current year, there were no breaches of covenants related to interest-bearing loans and the like.
There were no changes to objectives, policies or processes during the years ending 31 December 2024 and 31 December 2023, nor were there any significant capital transactions during the two periods, with the exception of the distribution of dividends.

Explanatory notes

NOTE 1 - REVENUES

Revenues as at 31 December 2024 amounted to €630,104.8 thousand and mainly refer to the sales of coffee products.

A more detailed table is provided below:

Revenues by geographic area	2024	%	2023	%
Italy	192,893	30.6%	185,288	31.1%
EMEA (excluding Italy)	245,391	38.9%	221,660	37.2%
Americas	132,640	21.1%	120,253	20.2%
Asia and Rest of the World	59,181	9.4%	67,942	11.4%
TOTAL	**630,105**	**100%**	**595,143**	**100%**

The Group's revenue performance was characterised by a *trend* of continuous growth, recording an increase of 5.9% compared to the previous financial year thanks to the good performance of the primary markets in which the Group is present.
The Group consolidated its leadership position in Italy in the super-premium segment of the market, recording a 4.1% increase compared to 2023, a result driven by both the Out-of-Home channels (mainly Ho.Re.Ca., Office and Retail) and the Home channels (Modern Trade and online).

In particular, in the Ho.Re.Ca. channel, a sustained acquisition of new customers continued in the super-premium segment of the market (+10%) combined with a constant reduction in the churn rate thanks to the implementation of commercial and marketing policies aimed at consolidating customer base loyalty.

The EMEA area (excluding Italy) also grew by 10.7% compared to 2023, driven by the positive performance of the main reference markets, such as Spain, France, the United Kingdom and Greece and by the strengthening of presence in the Middle East, mainly in the United Arab Emirates and Turkey.

The Americas recorded growth of 10.3% compared to 2023 due to positive performances both in the Out-of-Home channels, with a sustained increase in the rate of acquisition of new customers in the premium segment, and in the Home channels, where relations with the main retailers in the Modern Trade channel were further consolidated in 2024. The online channel experienced a double-digit growth thanks to the consolidation of the partnership with Amazon, which supported the business organic growth, accelerating the rate of acquisition of new customers.

In particular, the strong growth of the United States (+11.1% compared to 2023) stands out, a priority market in the Group's medium-term plans.

The Asian market shows a decline (12.9% compared to 2023) following the weakening of the Home sector in favour of Out-of-Home and the shift of a share of consumption from the most consolidated e-tailers in favour of other platforms (e.g. TikTok). Such structural changes in the market will require a go-to-market overhaul in 2025 to address the increasing complexity of the market. Potential markets such as Australia and Japan are growing.

Revenues for products	2024	%	2023	%
Coffee products	570,430	90.5%	525,371	88.3%
Espresso machines	18,230	2.9%	27,295	4.6%
Other products	41,444	6.6%	42,477	7.1%
TOTAL	**630,105**	**100%**	**595,143**	**100%**

In line with the trend of the channels, characterised by the presence of both Home and growth in Out-of-Home, in 2024 the revenues of coffee products recorded an increase of 8.6% compared to 2023, in particular the 250gr (+10.6%), the 3kg and 1.5kg jars (+4.1%) followed by the Nespresso compatible ones (+25.3%). The IPSO system also grew (+3.7M / +3.2%).
The increase in sales of the Other Products item is attributable to the increase in sales of coffee-based products (illycrema, instant coffee, cold-brew).

NOTE 2 - OTHER OPERATING INCOME

Description	2024	2023	Change
Net capital gains on disposal of tangible and intangible assets	428,385	235,511	192,873
Public grants	1,456,048	2,204,160	(748,113)
Contract termination penalties	257,555	156,117	101,437
Reimbursement of transport costs	2,072,421	1,733,407	339,015
Other operating income	3,321,995	3,470,415	(148,419)
TOTAL	**7,536,403**	**7,799,611**	**(263,207)**

The item "*Other operating income*" amounted to €7,536.4 thousand in 2024 (€7,799.6 thousand in 2023) and is made up as follows:

- "*Other operating income*" for €3,322.0 thousand (€3,470.4 thousand in the previous financial year) which is mainly attributable to other income for €992.4 thousand related to collaborations with commercial partners (€747.9 thousand in the previous financial year), compensation for other damages for €242.7 thousand (€158.0 thousand in the previous financial year), from the release of the allowance for doubtful receivables for €46.9 thousand, of the risk provision for €1,181.0 thousand and of the provision for returned goods for €58.9 thousand;
- "*Public grants*" amounting to €1,456.0 thousand (€2,204.2 thousand in the previous year), include the operating grants in current expenses received by the Parent Company for €1,358.6 thousand (€2,053.1 thousand in the previous year) and grants received by *illycaffè France S.A.S.* and *illycaffè Shanghai Co. Ltd*. to support the business;
- "*Reimbursement of transport expenses*" amounting to €2,072.4 thousand (€1,733.4 thousand in the previous year) consisting mainly of reimbursements of transport expenses recognised in the financial statements by the US affiliated company for €663.2 thousand at 31 December 2024 (€575.6 thousand at 31 December 2023), and by the Parent Company for €1,300.9 thousand at 31 December 2024 (€1,041.3 thousand at 31 December 2023);
- "*Contract termination penalties*" amounting to €257.6 thousand (€156.1 thousand in the previous year), includes the amounts charged to customers as penalties in the event of early termination of the contract;
- "*Net capital gains on the disposal of tangible and intangible assets*" amounting to €428.4 thousand (€235.5 thousand in the previous financial year) includes the capital gains recorded in the financial year following the disposal of some tangible and intangible assets.

NOTE 3 - CHANGE IN INVENTORIES OF FINISHED AND SEMI-FINISHED PRODUCTS

Description	2024	2023	Change
Changes in inventories of finished and semi-finished products	5,782,106	(6,831,679)	12,613,784
TOTAL	**5,782,106**	**(6,831,679)**	**12,613,784**

A change in inventories of work in progress, finished and semi-finished products had a positive effect on the income statement amounting to €5,782.1 thousand in 2024 (negative for €6,831.7 thousand in 2023). The change in the period has undergone a significant increase compared to the previous financial year due to both a higher production compared to the previous financial year and the increase in the cost of the raw material included in the finished product. Please refer to Note 19 for an analysis of the change in inventories.

NOTE 4 – COSTS FOR PURCHASE OF RAW MATERIALS, CONSUMABLE AND FINISHED GOODS

Description	2024	2023	Change
Change in inventories of raw, ancillary and consumable materials and goods for resale	(9,649,594)	13,086,699	(22,736,293)
Raw materials and sundry items	179,483,506	145,627,200	33,856,306
Charges on purchases of coffee	3,204,992	3,302,229	(97,236)
Espresso machines, packaging, advertising materials	95,525,338	93,241,962	2,283,376
Sundry and other purchases	5,672,312	6,076,934	(404,622)
TOTAL	**274,236,555**	**261,335,024**	**12,901,531**

"*Costs for purchase of raw materials, consumable and finished goods*" amounted to €274,236.6 thousand in 2024 (€261,335.0 thousand in 2023), disclosing an increase of €12,901.5 thousand compared to the previous year. The increase is mainly attributable to increased costs for "*Purchases of raw materials and miscellaneous goods*" for €33,856.3 thousand and to the item "*Espresso machines, packaging, advertising materials*" for €2,283.4 thousand, partially offset by the consumption of raw materials in stock as can be seen from the item "*Change in inventories of raw materials, supplies, consumables and goods for resale*" for €22,736.3 thousand.
During the financial year, hedging transactions carried out by the Parent Company on the coffee commodity were recognised for purchases made during the financial year for €1,745.2 thousand included under the item "*Purchases of raw materials and miscellaneous goods*" (€532.8 thousand in 2023).

NOTE 5 - COSTS FOR EMPLOYEE BENEFITS

Description	2024	2023	Change
Salaries and wages	74,563,920	69,274,172	5,289,748
Social security contributions	20,383,181	18,720,198	1,662,983
Benefits subsequent to the termination of the employment relationship	3,357,101	3,008,827	348,275
Other personnel costs	3,796,245	4,509,551	(713,306)
Temporary employment	2,741,348	4,262,853	(1,521,504)
Directors' remuneration	5,755,112	5,795,977	(40,865)
TOTAL	**110,596,907**	**105,571,578**	**5,025,330**

The item "*Costs for employee benefits*" amounted to €110,596.9 thousand in 2024 (€105,571.6 thousand in 2023), an increase of €5,025.3 thousand compared to the previous financial year due to the hiring made for both the Trieste and Milan offices, the increase in minimums as provided for by the National Collective Labour Agreement (CCNL) and the increase in bonuses.

The directors' fees previously included in the item *"Costs for services"* have also been reclassified under this item.

The item includes all personnel costs, including promotions, changes of category, paid holidays accrued but not taken and provisions required by law and collective employment contracts. This item also includes "*Other personnel costs*" relating, directly or indirectly, to employees for €3,796.26 thousand in 2024 (€4,509.5 thousand in 2023), as well as costs for "*Temporary employment*" for €2,741.3 thousand in 2024 (€4,262.9 thousand in 2023).

This item also includes non-recurring costs related to reorganisation plan for €1.8 million.

The following table shows the number of employees of the company by category, broken down between those in force as of 31 December 2024 and 31 December 2023 and the average number over the two years:

	2024	2023	Current year average	Previous year average
Senior managers	55	49	52	50
White-collar workers and middle managers	856	830	843	853
Production workers	324	309	317	307
TOTAL	**1,235**	**1,188**	**1,212**	**1,209**

NOTE 6 - COSTS FOR SERVICES

Description	2024	2023	Change
Maintenance and repair costs	4,769,657	4,871,108	(101,451)
Consultancy fees	5,868,320	6,889,504	(1,021,184)
Insurance costs	1,425,836	1,376,140	49,696
Energy, similar and telephone costs	6,810,567	7,338,515	(527,948)
Marketing and communication expenses	27,529,876	22,465,757	5,064,119
Sales organization expenses	11,247,734	10,818,677	429,057
Travel expenses	3,585,896	3,339,106	246,790
Transport and shuttle expenses	27,143,515	25,848,679	1,294,836
External processing	9,440,770	7,792,221	1,648,549
Storage costs	6,162,212	5,592,204	570,008
Statutory Auditors' fees	291,366	291,037	329
Industrial costs	5,919,069	5,390,276	528,792
Supervisory body fee	71,004	70,000	1,005
Canteen management costs	831,909	734,331	97,578
Staff training	372,577	339,716	32,861
Cleaning and reception services	1,869,596	1,760,502	109,094
Other costs for services	10,614,323	8,624,667	1,989,657
TOTAL	**123,954,228**	**113,542,438**	**10,411,790**

The item "*Costs for services*" amounted to €123,954.2 thousand in 2024 (€113,542.4 thousand in 2023). The item in question shows an increase compared to the previous financial year of about 9.2%, mainly due to the increase in marketing and communication expenses, transport and shuttle expenses, and by the external processes and warehouses expenses compensated by the reduction of consultancy and energy costs in view of constant control of costs by the Group in a context of extreme uncertainty and with strong increases in the raw material.
The "*Marketing and communication expenses*" include the advertising and marketing activities devised and developed for the year. In 2024, there was a substantial increase in the item in particular in the United States for communication activities carried out by illycaffè North America Inc.

The costs for "*travel expenses*" have grown by 21.4% in absolute value, while the incidence of expenditure with respect to turnover remains unchanged compared to the previous year. "*Energy and similar and telephone costs*" show a decrease mainly attributable to greater control of these expense items jointly with improved contracting with mobile phone and energy providers.

"*External processing*" expenses refer to work orders with third parties.

The item "*Other costs for services*" includes non-recurring service costs related to consulting on projects of an extraordinary nature for €1.1 million.

An indication is given of the total fees payable to the Directors (classified under the item "Costs for employee benefits") and the Statutory Auditors for the performance of their duties, both at the Parent Company and at the companies forming part of the consolidation area, as well as the fees due to the auditing firm (KPMG S.p.A.) responsible for the audit of the financial statements and the consolidated financial statements (the latter including the fees for auditing the subsidiaries carried out by the same auditing firm and by the Parent Company's auditor's network or by other auditing firms not belonging to the KPMG network, as well as the fees for services other than auditing).

Description	Remuneration
Directors' remuneration	5,704,442
Board of Statutory Auditors	287,191
Statutory audit of Parent Company	106,000
Subsidiaries and branches' audit performed by the Parent Company auditor's network and other audit firms	249,206
Other audit services provided by the Statutory Auditor of Parent Company	144,680

NOTE 7 - AMORTISATION AND DEPRECIATION

Description	2024	2023	Change
Depreciation of property, plant and machinery	29,140,005	26,689,844	2,450,161
Amortisation of intangible assets	7,897,074	8,077,059	(179,985)
Amortisation of right-of-use assets	7,364,140	7,674,910	(310,770)
TOTAL	**44,401,219**	**42,441,813**	**1,959,406**

Depreciation of tangible fixed assets amounted to €29,140.0 thousand in 2024 (€26,689.8 thousand in 2023).
The increase in depreciation of property, plant and machinery, amounting to €2,450.2 thousand, was mainly generated by the entry into operation of investments made during the year, as commented in note 14.

Amortisation of intangible fixed assets amounted to €7,897.1 thousand in 2024 (€8,077.1 thousand in 2023).

Amortisation of right-of-use assets amounted to €7,364.1 thousand (€7,674.9 thousand in 2023). The decrease is mainly attributable to the closure of some property lease contracts.

NOTE 8 - IMPAIRMENT LOSS ON NON-CURRENT ASSETS

Description	2024	2023	Change
With a definite useful life	406,481	3,614,035	(3,207,554)
With a indefinite useful life		1,903,000	(1,903,000)
TOTAL	**406,481**	**5,517,035**	**(5,110,554)**

The item amounted to €406.5 thousand in 2024 (€5,517.0 thousand in 2023). The item "*With a definite useful life*," includes the devaluation of the advances of intangible fixed assets following the decision not to proceed with a project started in the previous year and for the write-down of furnishings.
In the previous financial year, the item included the write-downs of advances on fixed assets following the settlement agreement concluded with a supplier for the design of coffee machines for €1.7 million, the write-down of coffee equipment on loan for €1.3 million by illycaffè North America Inc. and the write-down for €195 thousand recorded by the Parent Company following the physical inventory activity carried out at the Trieste headquarters.

Furthermore, during the previous financial year, the goodwill write-down of the illycaffè UK Ltd business for €1.9 million was recorded following the impairment test carried out on that date.

NOTE 9 - OTHER OPERATING EXPENSES

Description	2024	2023	Change
Costs for leases and rentals	6,117,125	4,956,592	1,160,533
Losses on receivables	1,229,093	1,803,490	(574,396)
Provisions for risks	2,574,958	2,753,011	(178,053)
Net capital losses on disposal of tangible and intangible assets	136,942	211,925	(74,983)
Indirect taxes and levies	4,822,175	4,463,052	359,122
Entertainment expenses and external relations	7,754,595	6,213,144	1,541,451
Annuity and patent management	348,735	397,799	(49,064)
Royalty payments	586,959	438,184	148,775
Membership fees	695,691	634,681	61,009
Environmental contributions (CONAI and WEEE)	981,105	1,916,973	(935,867)
Other operating costs	3,447,780	3,068,418	379,362
TOTAL	**28,695,157**	**26,857,269**	**1,837,889**

The increase in the item, compared to the previous year, is to be attributed mainly to the increase in "*Costs for leases and rentals*" and "*Entertainment expenses and external relations.*"

The item "*Expenses for use of leased assets*" increased mainly as a result of equipment rental agreements that do not meet the requirements for inclusion in IFRS 16.

The item "*Entertainment expenses and external relations*" recorded an increase compared to the previous year and is due to participation in trade fairs and organisation of events, in particular the organisation of the Ernesto illy international prize.

A significant decrease is noted in the "*Environmental contributions*" as a result of the exclusion of the plastic capsule from the CONAI contribution.

The residual item "*Other operating costs*" is mainly made up of other management charges for €2,426.0 thousand, such as the costs for exemption contributions for €206.8 thousand, from the costs for prize competitions for €1,025.0 thousand and from the social utility expenses for €759.3 thousand.

NOTE 10 - FINANCIAL EXPENSES

Description	2024	2023	Change
Interest on bank loans and charged by other providers of finance	6,065,365	5,585,215	480,150
Interest on other amounts due to banks	1,081,691	950,981	130,710
Realised exchange losses	2,522,552	2,685,904	(163,351)
Unrealised exchange losses	837,921	598,637	239,285
Financial instruments charges	1,071,194		1,071,194
Interest expense on lease agreements	920,874	855,911	64,963
Write-down of derivatives and other financial assets	357,496	122,005	235,491
Other expense	1,531,514	1,612,657	(81,142)
TOTAL	**14,388,608**	**12,411,310**	**1,977,299**

The "*Financial expenses*" of the period amount to €14,388.6 thousand with an increase of €1,977.3 thousand compared to the previous year, mainly due to the negative effect of negative differentials on the financial instruments of an *Interest Rate Swap* type (€1,071.2 thousand), the negative effect of losses on changes made and unrealised (€3,360.5 thousand in 2024 compared to €3,284.5 thousand in 2023) and interest on bank loans (€6,065.4 thousand in 2024 compared to €5,585.2 thousand in 2023).
The item "*Other expenses*" is almost entirely composed of the amount from the item "*Bank commissions and charges*" totalling €1,463.8 thousand (€1,528.0 thousand in 2023).

The item "*Write-down of derivatives and other financial assets*" includes the write-down of financial receivables for €135.1 thousand, which are estimated to be no longer recoverable, and the devaluation of exchange derivatives for € 222.4 thousand.

NOTE 11 - FINANCIAL INCOME

Description	2024	2023	Change
Unrealised exchange gains	733,408	693,744	39,663
Realised exchange gains	2,428,980	2,573,850	(144,871)
Interest income on loans		500	(500)
Revaluation of derivatives		173,184	(173,184)
Other income	2,846,178	1,688,459	1,157,720
TOTAL	**6,008,566**	**5,129,737**	**878,828**

The item "*Financial income*" amounting to €6,008.6 thousand in 2024 recorded an increase of €878.8 thousand compared to the previous year (€5,129.7 thousand), mainly attributable to the item "*Other financial income*" composed mainly of "*Dividends from other companies*" for €297.60 thousand as a dividend from *Kafea Terra Food & Drink SA*, "*Interest income on miscellaneous receivables*" for 144.2 thousand, from the "*Financial income from securities recognised under current assets*" for €667.3 thousand and from the positive differentials on the *Interest Rate Swap* financial derivative instruments for €1,506.9 thousand.

NOTE 12 – OTHER INCOME (EXPENSES) ON FINANCIAL ASSETS

The Group's financial income (expenses) are shown:

Description	2024	2023	Change
Other income (expenses) on financial activities	(4,500,000)		(4,500,000)
TOTAL	**(4,500,000)**	**0**	**(4,500,000)**

The item includes a write-down of the investment in *illycafè AG*.

See note 17 for further information.

NOTE 13 - INCOME TAXES

Description	2024	2023	Change
Current taxes for the year	15,672,557	6,117,679	9,554,878
Current taxes relating to previous years	(1,460,539)	472,408	(1,932,947)
Deferred taxes	402,308	3,269,813	(2,867,505)
TOTAL	**14,614,326**	**9,859,900**	**4,754,426**

The tax burden for the 2024 financial year amounts to a total of €14,614.3 thousand, as a consequence of the net effect of:

- current taxes for €15,672.6 thousand;
- the negative effect of deferred taxes for €402.3 thousand;
- current taxes relating to previous financial years which generated a positive impact of €1,460.5 thousand, deriving from the tax burden recalculated on the basis of the tax returns presented with respect to the tax settlement carried out when preparing the financial statements of the previous financial year and from the refund request presented during 2024 following the positive outcome of the MAP (*Mutual Agreement Procedure*) procedure activated between Italy and Spain.

For current taxes, the tax burden is determined on the basis of the taxable income deriving from the result for the year, applying the nominal tax rates in force in the countries of reference (for the Group's Italian companies, 24% for IRES [company earnings' tax] and 3.9% for IRAP [regional business tax], respectively).

The breakdown of income taxes is as follows:

Description	2024	2023	Change
IRES	10,615,977	3,436,556	7,179,421
IRAP	2,043,106	950,353	1,092,753
Other current taxes	3,013,474	1,730,770	1,282,704
Current taxes	**15,672,557**	**6,117,679**	**9,554,878**
IRES	702,463	342,154	360,310
IRAP	93,872	73,536	20,337
Other deferred (prepaid) taxes	(394,027)	2,854,124	(3,248,151)
Deferred (prepaid) taxes	**402,308**	**3,269,813**	**(2,867,505)**
Taxes from previous years	(1,460,539)	472,408	(1,932,947)
Taxes from previous years	**(1,460,539)**	**472,408**	**(1,932,947)**
TOTAL INCOME TAXES	**14,614,326**	**9,859,900**	**4,754,426**

Taxation for the period accounted for 30.3% of the pre-tax result, up 0.9 p.p. compared to the previous year (29.4%). The tax trend was driven by the strong increase in Pre-tax Profit (+43.8% compared to 2023) partially mitigated by non-recurring items such as the Mutual Agreement Procedure (MAP) refund application, submitted during 2024.

Deferred tax assets

	31/12/2024		31/12/2023	
Description	Amount of temporary differences	Tax impact	Amount of temporary differences	Tax impact
Write-down of receivables	3,911,913	938,859	1,711,304	410,713
Unrealised negative exchange rate differences			2,250,731	540,175
Other provisions	22,013,735	6,093,130	17,724,831	4,860,506
Financial derivative hedging instruments	1,249,563	299,895		
Directors' remuneration	1,228,806	294,914	1,504,886	361,173
Amount of deferred tax assets arising from fully consolidated companies		6,481,536		8,946,388
Total Prepaid taxes		**14,108,334**		**15,118,955**

It should be noted that the change in the provision for deferred prepaid taxes relating to derivative financial instruments, totalling €299.9 thousand, did not affect the deferred tax expense of the Income Statement, since it is linked to derivative financial instruments qualified as hedging.

Deferred tax liabilities

	31/12/2024		31/12/2023	
Description	Amount of differences	Tax impact	Amount of differences	Tax impact
Dividends recorded on an accruals basis	300,575	72,138	221,883	53,253
Unrealised exchange gains			1,161,473	278,754
Derivative financial instruments			2,232,571	535,817
Other provisions	1,901,731	524,503		
Amount of deferred taxes deriving from fully consolidated companies		1,389,569		2,198,312
Total deferred taxes		**1,986,210**		**3,066,136**

It should be noted that the change in the provision for deferred tax liabilities relating to derivative financial instruments, totalling €535.8 thousand, did not affect the deferred tax liability of the income statement, but was charged directly as an adjustment of the shareholders' equity item "Reserve for expected cash flow hedging transactions," since it is linked to derivative financial instruments qualified as hedging and, consequently, recorded directly in the shareholders' equity.
The Group has released the deferred taxation relating to unrealised exchange rate differences as they are fiscally relevant pursuant to Legislative Decree 192/2024.

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

Description	31/12/2024	31/12/2023	Change
Land and buildings	36,145,292	36,821,485	(676,193)
Plant and equipment	32,882,797	28,627,241	4,255,556
Industrial and commercial equipment	39,387,760	35,847,997	3,539,764
Leasehold improvements	2,306,596	2,506,895	(200,299)
Other tangible assets	7,190,535	6,775,629	414,906
Construction in progress and advance payments	7,723,346	5,610,628	2,112,718
TOTAL	**125,636,326**	**116,189,874**	**9,446,451**

The item "*Tangible assets*" amounted to €125,636.3 thousand as at 31 December 2024 (€116,189.9 thousand as at 31 December 2023) and is made up as follows:

- "*Land and buildings,*" equal to €36,145.3 thousand as of 31 December 2024, with a decrease of €676.2 thousand compared to the previous financial year. The change in the financial year is mainly attributable to the amortisation of the period partially offset by the increases of the year.
- "*Plant and machinery*," equal to €32,882.8 thousand as of 31 December 2024, with a increase of €4,255.6 thousand. The change in the period is mainly attributable to the effect of depreciation for €7,345.1 thousand in addition to disposals for a net value of €94.2 thousand and investments in the year including the activation of advances and orders for a total of €11,506.5 thousand, the latter mainly attributable to the costs incurred by the Parent Company for the construction of production plants, in particular the investments made for the construction of the new line for the spherical aluminium capsules and the continuous efficiency improvement of the departments, investments also aimed at respecting the commitment made to reduce consumption by installing adequate electrical systems.
- "*Industrial and commercial equipment*," which amount to €39,387.8 thousand at 31 December 2024, with an increase of €3,539.8 thousand, mainly attributable to the purchase of professional coffee equipment granted on loan and/or lease to customers and for the acquisition and innovation of printing systems used for the production of products of the Iperespresso system.
- The item "*Leasehold improvements*" for €2,306.6 thousand at 31 December 2024 (€2,506.9 thousand at 31 December 2023) is mainly attributable to work at the offices located in Milan.
- "*Other tangible assets,*" for €7,190.5 thousand (€6,775.6 thousand at 31 December 2023), refer to investments made by Group companies mainly for electronic equipment, office furniture and furnishings, laboratory equipment, furnishings for trade shows and events, light constructions, illy bar furnishings and for the purchase of motor vehicles.
- "*Tangible assets under construction and advance payments*" refers to the completion of uncompleted projects, with particular regard to research and innovation in the sphere of professional cutting edge machines, as well as the construction of sustainable products that meet the requirements of the circular economy such as packaging reduction and full recyclability. Furthermore, the plant line relating to compostable capsules is posted under construction.

The decreases reflect reclassification applied during the year for specific relevant tangible fixed assets.

The table with a breakdown of the changes is presented below

.

	Land and buildings	Plant and equipment	Equipment	Other assets	Leasehold improvements	Construction in progress and advance payments	Total property, plant and machinery
Historical cost 01/01/2023	**63,085,320**	**135,784,157**	**168,788,094**	**45,053,307**	**8,538,040**	**6,654,564**	**427,903,482**
Increase	202,687	3,204,179	20,843,580	2,274,402	285,980	4,419,488	31,230,316
Decrease	(263,674)	(29,614,330)	(5,844,166)	(14,279,998)	(1,720,905)	(1,915,428)	(53,638,502)
Exchange differences		(1,470)	(452,731)	(59,848)	(78,129)		(592,179)
Other changes	124,597	1,201,575	(199,868)	246,677	370,963	(2,075,772)	(331,829)
Historical cost 31/12/2023	**63,148,928**	**110,574,111**	**183,134,909**	**33,234,540**	**7,395,949**	**7,082,852**	**404,571,289**
Provision for Write-downs 01/01/2023	**(24,813,836)**	**(103,832,697)**	**(134,926,889)**	**(39,095,817)**	**(5,628,381)**		**(308,297,620)**
Increase	(1,683,944)	(7,265,928)	(15,289,480)	(1,569,773)	(880,720)		(26,689,844)
Decrease	170,337	29,506,450	4,115,996	14,152,257	1,635,888		49,580,928
Exchange differences		1,128	338,412	63,754	67,596		470,890
Other changes		64,866	669,653	(9,333)	(83,437)		641,750
Provision for Write-downs 31/12/2023	**(26,327,443)**	**(81,526,181)**	**(145,092,308)**	**(26,458,911)**	**(4,889,054)**		**(284,293,897)**
Write-down provision 01/01/2023		**(448,119)**	**(1,398,502)**	**(50,993)**		**(2,852,653)**	**(4,750,267)**
Decrease	93,338	121,432	588,991	60,968		1,915,428	2,780,157
Write-downs	(93,338)	(94,001)	(1,385,094)	(9,975)		(535,000)	(2,117,408)
Write-down provision 31/12/2023		**(420,688)**	**(2,194,605)**			**(1,472,224)**	**(4,087,518)**
Net book value 31/12/2023	**36,821,485**	**28,627,241**	**35,847,997**	**6,775,629**	**2,506,895**	**5,610,628**	**116,189,874**
Historical cost 01/01/2024	**63,148,928**	**110,574,111**	**183,134,909**	**33,234,540**	**7,395,949**	**7,082,852**	**404,571,289**
Increase	947,508	7,122,530	21,837,832	2,223,391	563,082	7,051,313	39,745,655
Decrease		(398,452)	(6,405,839)	(536,863)	(246,995)	(997,588)	(8,585,737)
Exchange differences		2,469	1,362,249	96,000	38,562		1,499,279
Other changes	(651,641)	4,779,922	4,431	234,140	(15,308)	(4,878,231)	(526,686)
Historical cost 31/12/2024	**63,444,795**	**122,080,580**	**199,933,582**	**35,251,208**	**7,735,290**	**8,258,346**	**436,703,801**
Provision for Write-downs 01/01/2024	**(26,327,443)**	**(81,526,181)**	**(145,092,308)**	**(26,458,911)**	**(4,889,054)**		**(284,293,897)**
Increase	(1,733,908)	(7,345,138)	(17,447,135)	(1,845,561)	(768,264)		(29,140,005)
Decrease		334,377	5,190,802	409,742	230,915		6,165,837
Exchange differences		(2,236)	(1,212,118)	(108,672)	(22,254)		(1,345,280)
Other changes	761,849	(237,916)	3,240	(21,280)	19,962		525,854
Provision for Write-downs 31/12/2024	**(27,299,503)**	**(88,777,095)**	**(158,557,518)**	**(28,024,681)**	**(5,428,694)**		**(308,087,491)**
Write-down provision 01/01/2024		**(420,688)**	**(2,194,605)**			**(1,472,224)**	**(4,087,518)**
Decrease			583,162			937,224	1,520,386
Exchange differences			(126,638)				(126,638)
Write-downs			(250,222)	(35,992)			(286,215)
Write-down provision 31/12/2023		**(420,688)**	**(1,988,304)**	**(35,992)**		**(535,000)**	**(2,979,985)**
Net book value 31/12/2024	**36,145,292**	**32,882,797**	**39,387,760**	**7,190,535**	**2,306,596**	**7,723,346**	**125,636,326**

NOTE 15 - INTANGIBLE ASSETS AND GOODWILL

Description	31/12/2024	31/12/2023	Change
Goodwill	12,421,340	12,336,094	85,246
Development costs	4,457,444	4,163,303	294,140
Concessions, licences, software, trademarks and similar rights	2,416,197	2,805,378	(389,181)
Other intangible assets	10,147,373	8,954,833	1,192,540
Assets in process of formation and advance payments	12,814,698	10,265,394	2,549,304
TOTAL	**42,257,052**	**38,525,003**	**3,732,049**

The item "*Intangible assets and Goodwill*" amounted to €42,257.1 thousand as at 31 December 2024 (€38,525.0 thousand as at 31 December 2023).

"*Development costs*" amounted to €4,457.4 thousand at 31 December 2024 (€4,163.3 thousand at 31 December 2023) and includes the capitalisation of development costs for new prototypes of espresso machines and new technological computerisation projects on the *global direct channel* aimed at innovating, by giving a new look, to the e-commerce website.

"*Concessions, licences, software, trademarks and similar rights*" refers to trademark rights, as well as licences for the use of software. Furthermore, the item increased during the financial year mainly in relation to the rights recognised to new artists for the decorations created on the illy Art Collection cups in addition to the new designs for espresso machines.

Increases in the item "*Other intangible assets*" mainly refer to investments made by the Parent Company in updating the integrated information system.

The increase in the item "*Assets in progress and payments on account*" mainly represents costs relating to projects for the update of the current Oracle JD Edwards integrated information system used by the Group and to technological innovations on espresso machines still in progress.

The table with a breakdown of the changes is presented below:

	Development costs	Concessions, licences, software, trademarks and similar rights	Other intangible assets	Assets in process of formation and advance payments	Total other intangible assets
Historical cost 01/01/2023	**16,733,344**	**23,670,741**	**66,337,087**	**12,561,742**	**119,302,914**
Increase	1,717,689	782,463	4,456,219	3,974,603	10,930,974
Decrease			(349,813)	33,986	(315,827)
Exchange differences		683	(362,485)	(7,904)	(369,706)
Other changes	2,628,227	100,800	5,848,039	(4,569,565)	4,007,502
Historical cost 31/12/2023	**21,079,261**	**24,554,687**	**75,929,047**	**11,992,861**	**133,555,856**
Provision for Write-downs 01/01/2023	**(15,408,259)**	**(20,411,842)**	**(57,472,694)**		**(93,292,795)**
Increase	(1,477,698)	(1,337,599)	(5,267,280)		(8,082,577)
Decrease			317,479		317,479
Exchange differences		(68)	349,616		349,548
Other changes		200	(4,527,376)		(4,527,176)
Provision for Write-downs 31/12/2023	**(16,885,957)**	**(21,749,309)**	**(66,600,256)**		**(105,235,522)**
Write-down provision 01/01/2023			**(373,958)**	**(260,840)**	**(634,798)**
Write-downs				(1,496,627)	(1,496,627)
Write-down provision 31/12/2023			**(373,958)**	**(1,757,467)**	**(2,131,425)**
Net book value 31/12/2023	**4,193,303**	**2,805,378**	**8,954,833**	**10,235,394**	**26,188,908**
Historical cost 01/01/2024	**21,079,261**	**24,554,687**	**75,929,047**	**11,992,861**	**133,555,856**
Increase	1,785,976	775,588	5,346,645	4,083,361	11,991,571
Decrease	(139,826)	(360,746)	(1,331,452)	(1,128,274)	(2,960,299)
Exchange differences		5,648	617,631	3,575	626,853
Other changes	329,810		1,034,467	(1,364,277)	
Historical cost 31/12/2024	**23,055,220**	**24,975,176**	**81,596,338**	**13,587,246**	**143,213,981**
Provision for Write-downs 01/01/2024	**(16,885,957)**	**(21,749,309)**	**(66,600,256)**		**(105,235,522)**
Increase	(1,700,899)	(1,184,794)	(5,011,380)		(7,897,074)
Decrease	(10,920)	380,082	1,140,106		1,509,268
Exchange differences		(4,958)	(603,477)		(608,435)
Provision for Write-downs 31/12/2024	**(18,597,777)**	**(22,558,979)**	**(71,075,007)**		**(112,231,763)**
Write-down provision 01/01/2024			**(373,958)**	**(1,757,467)**	**(2,131,425)**
Decrease				1,104,771	1,104,771
Write-downs				(119,852)	(119,852)
Write-down provision 31/12/2024			**(373,958)**	**(772,548)**	**(1,146,506)**
Net book value 31/12/2024	**4,457,444**	**2,416,197**	**10,147,373**	**12,814,698**	**29,835,712**

Goodwill

Description	31/12/2024	31/12/2023	Change
Goodwill	12,421,340	12,336,094	85,246
Total assets with an indefinite useful life	**12,421,340**	**12,336,094**	**85,246**

The item mainly refers to the values determined at the time of acquisition of the business *Mitaca S.r.l.* and of *illycaffè UK Ltd*. The remaining balances are mainly associated with minor acquisitions made by the Parent Company's branches.
Goodwill is considered to be an asset with an indefinite useful life and is therefore not subject to amortisation, but is at least annually subjected to an impairment test as at the balance sheet date.

The Group has, therefore, subjected the Net Invested Capital (NIC), including goodwill, to an impairment test, for each cash-generating unit (CGU), understood as an entity with respect to which management monitors its flows.

With reference to the illycaffè UK Ltd. business, the impairment test was carried out concerning the reference CGU identified in the company illycaffè UK Ltd., a company operating in the English retail market. With reference to the goodwill deriving from the acquisition of the Mitaca business, it should be noted that in 2023 the company Mitaca S.r.l., with a view to simplifying and reorganising the management of the group, was merged into illycaffè S.p.A. and therefore for the purposes of the impairment test, illycaffè S.p.A. was considered as the reference CGU. The recoverable value of the CGUs was determined by means of the value in use, determined by applying the *discounted future cash flows* model, considering the cash flows in the 2025-2029 business plan (subject to the Board of Directors during its meeting on 16 December 2024), plus the *terminal value*, calculated as the current value of the perpetual annuity. For the purposes of calculating the *terminal value*, the normalised cash flow for the last year of the explicit forecast period was considered, based on a growth rate ("g") consistent with the CGU's reference market equal to 2.1% for *illycaffè UK Ltd.* e 0,8% for the *Mitaca S.r.l.* business.

For discounting purposes, management has identified a WACC rate equal to 9.0% for *illycaffè UK Ltd.* e 8,9% for the *Mitaca S.r.l.* business which weights the cost of debt with that of shareholders' equity, considering the characteristics of the markets in which the CGU operates. The following considerations were made to determine the WACC:

the cost of equity capital considering a risk-free rate;

a market share risk premium and an additional risk premium;

- an *unlevered* beta coefficient;
- the cost of gross debt, including the spread;
- the reference tax rate of the individual CGU;
- the debt to equity ratio

The impairment test did not identify the need to proceed with a write-down of the illycaffè UK CGU and the Mitaca business. In order to confirm the reasonableness of these assessments, management carried out a *sensitivity analysis* which confirmed the stability of the value of the goodwill recorded in the event of variations in the aforementioned parameters within a reasonable *range*.

The change in the value of goodwill equal to €85.2 thousand, compared to 31 December 2023, is related to the translation difference of the goodwill of illycaffè UK.

NOTE 16 - RIGHT-OF-USE ASSETS

Description	31/12/2024	31/12/2023	Change
Store & buildings	19,308,381	21,330,266	(2,021,885)
Means of transport	2,412,901	2,397,535	15,366
Industrial and commercial equipment	595,099	279,215	315,883
Other rights-of-use	576,404	900,475	(324,072)
Total right-of-use assets	**22,892,784**	**24,907,491**	**(2,014,708)**

The table with a breakdown of the changes is presented below:

	Store & Buildings	Means of transport	Industrial and commercial equipment	Other rights-of-use	Total
Historical cost 01/01/2023	**46,001,195**	**5,158,492**	**1,229,105**	**2,483,108**	**54,871,900**
Increase	4,880,518	1,920,803	13,848	213,516	7,028,685
Decrease	(6,629,026)	(1,855,485)	(206,991)	(545,083)	(9,236,585)
Exchange differences	(197,821)	5,157		(11,427)	(204,091)
Historical cost 31/12/2023	**44,054,867**	**5,228,967**	**1,035,962**	**2,140,113**	**52,459,909**
Increase	8,458,439	2,838,121	579,770	93,747	11,970,077
Decrease	(7,588,593)	(2,523,016)	(359,278)	(508,886)	(10,979,773)
Exchange differences	115,399	(6,349)		19,092	128,143
Historical cost 31/12/2024	**45,040,112**	**5,537,724**	**1,256,455**	**1,744,066**	**53,578,356**
Provision for Write-downs 01/01/2023	**(20,841,996)**	**(3,094,226)**	**(723,993)**	**(1,141,536)**	**(25,801,751)**
Increase	(5,653,324)	(1,426,731)	(239,744)	(615,697)	(7,935,496)
Decrease	3,619,560	1,693,773	206,991	511,314	6,031,638
Exchange differences	151,159	(4,248)		6,280	153,192
Provision for Write-downs 31/12/2023	**(22,724,601)**	**(2,831,432)**	**(756,747)**	**(1,239,638)**	**(27,552,418)**
Increase	(5,168,594)	(1,524,329)	(248,191)	(423,026)	(7,364,140)
Decrease	2,264,525	1,227,865	343,582	508,886	4,344,859
Exchange differences	(103,061)	3,073		(13,885)	(113,873)
Provision for Write-downs 31/12/2024	**(25,731,731)**	**(3,124,823)**	**(661,356)**	**(1,167,663)**	**(30,685,573)**
NET BOOK VALUE 31/12/2023	**21,330,266**	**2,397,535**	**279,215**	**900,475**	**24,907,491**
NET BOOK VALUE 31/12/2024	**19,308,381**	**2,412,901**	**595,099**	**576,404**	**22,892,784**

The increases in right-of-use assets of leased assets acquired during the financial year relate to new lease agreements, such as the expansion of the offices in Milan and the United Kingdom, and the new headquarters of the Sucursal en Espana.
The decreases are related to the reduction in the duration of some *leases* in addition to the replacement of the location of the offices of the Spanish branch.

NOTE 17 - NON-CURRENT FINANCIAL ASSETS

	31/12/2024	31/12/2023
Other financial receivables	1,022,536	1,236,963
Other equity investments	13,168,598	16,794,268
Derivative financial instruments receivable		324,837
Total non-current financial assets	**14,191,134**	**18,356,069**

The item "*Non-current financial assets*" amounted to €14,191.1 thousand as at 31 December 2024 (€18,356.1 thousand as at 31 December 2023) and is made up as follows:

- "*Other financial receivables*" for €1,022.5 thousand, which include mainly the financial receivables of the loan activities set up by *Bar Finance International S.p.A.*;
- "*Other equity investments*" for €13,168.6 thousand which includes the holding of the Parent Company equal to 100% of the capital of *illycafè AG*, with headquarters in Thalwil, Switzerland, which does not qualify as a controlling shareholding by virtue of the recognition of the right of usufruct to the previous shareholders for a defined period of time as agreed in the share purchase transaction. During the financial year, in order to verify the recoverability of the carrying amount of the investment, management of the Parent Company subjected the

investment to an impairment test on the basis of which a write-down of €4,500.0 thousand was made.

- The recoverable value of the investment was determined by means of the value in use, determined by applying the discounted future cash flows model, considering the cash flows forecast by management in the Strategic Plan which covers the period up until 2029, plus the terminal value, calculated as the current value of the perpetual annuity. For the purposes of calculating the terminal value, the normalised cash flow for the last year of the explicit forecast period was considered, based on a growth rate ("g") consistent with the investee's reference market (0.6%).
- For discounting purposes, management has identified a WACC rate equal to 8.5% which weights the cost of debt with that of shareholders' equity, considering the characteristics of the market in which the investee operates. The following considerations were made to determine the WACC:
  - the cost of equity capital considering a risk-free rate;
  - a market share risk premium and an additional risk premium;
  - an *unlevered* beta coefficient;
  - the cost of gross debt, including the spread;
  - the reference tax rate of the company;
  - the debt to equity ratio.

During the financial year, the Parent Company increased its shareholding in Trieste Convention Center by €128.0 thousand and in OCM S.r.l. by €746.3 thousand.

There are no "*Receivable derivative financial instruments*" in the 2024 financial year, while they amounted to €324.8 thousand at 31 December 2023, relating to two "*Interest Rate Swap*" contracts commented on below.

For the investments in other companies there were no other cases of write-back of value.

The changes in investments in other companies during the year are shown below:

	Purchase cost 31/12/2023	Write-down provision 31/12/2023	Net opening balance 31/12/2023	Increase	Write-downs	Purchase cost 31/12/2024	Write-down provision 31/12/2024	Ending net amount 31/12/2024
CAAF Interreg. Dipendenti S.r.l.	5		5			5		5
Kafea Terra Food & Drinks S.A.	247,000		247,000			247,000		247,000
OCM S.r.l.	2,169		2,169	746,330		748,499		748,499
CONAI	1,605		1,605			1,605		1,605
ERP Italia Srl - RAEE	4,010		4,010			4,010		4,010
Illycafè Thalwil AG	15,959,946		15,959,946		(4,500,00)	15,959,946	(4,500,000)	11,459,946
Consorzio E.S.E.	3,533		3,533			3,533		3,533
Little Italy Espresso Machines SL	120,202	(120,202)				120,202	(120,202)	
Trieste Convention Center	576,000		576,000	128,000		704,000		704,000
TOTAL	**16,914,471**	**(120,202)**	**16,794,268**	**874,330**	**(4,500,00)**	**17,788,800**	**(4,620,202)**	**13,168,598**

Interest rate transactions

At 31 December 2024, the Group had no "*Interest rate swap* contracts," with a positive *fair value*.

At 31 December 2023, the Group has two "Interest Rate Swap" contracts, with positive fair value, the main characteristics of which and the book value corresponding to their fair value at that date are shown in the following table.

Contract Type	Start date	Settlement date	Currency	Notional at 31/12/2023	Fair Value at 31/12/2023	Fixed Rate (Paid)	Variable rate (collected)	Floor
IRS	Apr-20	Apr-25	EUR	7,500,000	278,102	(0.100%)	Euribor 6M	
IRS	Nov-20	Nov-25	EUR	1,510,386	46,735	(0.300%)	Euribor 3M	-0.012
				9,010,386	**324,837**			

These are contracts signed by the Parent Company for the purpose of hedging interest rate risk and through which the company is able to "convert" part of its debt from variable rate to fixed rate. The fair value of these instruments is determined using valuation models powered by inputs derived from the market (source: Bloomberg).

NOTE 18 - OTHER NON-CURRENT ASSETS

	31/12/2024	31/12/2023
Other non-current assets	118,861	
Guarantee deposits	857,860	833,322
Total other non-current assets	**976,721**	**833,322**

The item "*Other non-current assets*" amounts to €976.7 thousand as at 31 December 2024 (€833.3 thousand) of which €857.9 euros relate to "*Security deposits*" and €118.9 thousand for the portion of prepaid expenses with a duration beyond one year.

NOTE 19 - INVENTORIES

	31/12/2024	31/12/2023
Raw, ancillary and consumable materials	66,701,192	60,809,994
Work in progress	1,591,344	1,729,919
Finished products	60,046,521	52,167,691
Payments on account	524,541	259,616
Total inventories	**128,863,598**	**114,967,220**

The item "*Inventories*" amounted to €128.863,6 thousand as at 31 December 2024 (€114.967,2 thousand as at 31 December 2023). The increase compared to the previous year of €13,896.4 thousand is mainly attributable to the increase in raw material and finished product inventories in stock at the end of the year care of the Group companies.
Inventories are stated net of the write-down allowance amounting to €uro 8,824.1.

The changes in the write-down allowance are shown below:

	2024	2023
Starting balance	(8,652,301)	(7,344,853)
Provision	(1,643,892)	(2,968,800)
Uses and releases	1,579,902	1,591,995
Exchange differences	(107,853)	69,357
Closing balance	**(8,824,144)**	**(8,652,301)**

NOTE 20 - TRADE RECEIVABLES

	31/12/2024	31/12/2023
Trade receivables	115,032,628	102,866,948
Amounts due from parent companies	25,981	21,683
Total gross trade receivables	**115,058,608**	**102,888,632**

The item "*Trade receivables*," gross of the allowance for doubtful receivables, amounted to €115,058.6 thousand as at 31 December 2024 (€102,888.6 thousand as at 31 December 2023) and is made up as follows:

- "*Receivables from customers*," whose increase with respect to the previous year is mainly linked to the increase in turnover recorded during the financial year as well as an increase in collection terms compared to the previous year;
- "*Amounts due from the parent company*", which includes trade receivables due from Gruppo illy S.p.A. and *RAA S.p.A.*;

Trade receivables are shown in the financial statements net of an allowance for doubtful receivables amounting to €6,397.5 thousand as at 31 December 2024 (€7,323.1 thousand as at 31 December 2023), allocated in relation to an estimation model that takes into account not only the estimated loss on impaired receivables, but also the expected losses on currently performing receivables.

The changes in the allowance for doubtful receivables are shown below:

	2024	2023	Change
Balance at the start of the year	(7,323,063)	(7,184,560)	(138,504)
Provisions	(1,068,738)	(1,528,206)	459,469
Uses and releases	2,042,154	1,353,050	689,103
Exchange differences	(47,850)	36,652	(84,502)
Balance at the end of the year	**(6,397,497)**	**(7,323,063)**	**925,566**

During the year, the allowance for doubtful receivables increased by €1,068.7 thousand by way of a provision and decreased by €2,042.2 thousand due to use or release.
The credit quality of customers is assessed on the basis of an assessment of the creditworthiness of the customers, for whom individual credit limits are established. Open customer receivables and assets deriving from contracts are regularly monitored. At each balance sheet date, an impairment analysis is performed on receivables, using a matrix to measure the expected losses. Write-down percentages are determined on the basis of days past due and by grouping together customer receivables that are characterised by similar causes of impairment (geographic area and past due dates).

The calculation is based both on the probability of recovery of the receivable and on a historical analysis of losses on receivables, which have never been significant.

In addition, impaired trade receivables are subject to a specific write-down if legal action is taken.

The provision made during the financial year is affected by the allocation on the adjustment of expected losses on receivables still performing and on the various bands of past due receivables not subject to a specific write-down.

The following table shows the distribution of trade receivables by geographic area, which does not take into account the allowance for doubtful receivables:

Description	31/12/2024	31/12/2023
Italy	40,477,932	42,680,030
EU	48,601,210	27,495,236
Outside EU	25,979,466	32,713,365
Total trade receivables	**115,058,608**	**102,888,632**

Trade receivables, net of the allowance for doubtful receivables, are shown in the table below:

	31/12/2024	31/12/2023
Trade receivables	115,058,608	102,888,632
Allowance for doubtful receivables	(6,397,497)	(7,323,063)
TOTAL	**108,661,112**	**95,565,568**

NOTE 21 - CURRENT TAX CREDITS

	31/12/2024	31/12/2023
Current tax receivables	9,421,233	7,343,323
TOTAL	**9,421,233**	**7,343,323**

The item is mainly composed of VAT credit, credit for withholdings paid abroad and credit on investments and R&D of the Parent Company.

NOTE 22 - CURRENT FINANCIAL ASSETS

	31/12/2024	31/12/2023
Other financial receivables	1,056,213	1,133,705
Derivative financial instruments receivable		2,080,922
Other investments	13,540,029	10,354,367
Total current financial assets	**14,596,242**	**13,568,993**

The item "*Current financial assets*" amounted to €14,596.2 thousand as at 31 December 2024 (€13,569.0 thousand as at 31 December 2023). This item includes €13,540.0 thousand relating to investments of liquid bank assets that are readily convertible to cash carried out by *Experimental Agricola do Brasil Ltda* (€4,584.4 thousand), *illy Sud America comercio, importacao e exportacao Ltda* (€186.4 thousand) and *illycaffè Shanghai Co. Ltd.* (€8,769.3 thousand). The balance of the item "*Receivable derivative financial instruments*" not present for the 2024 financial year, consisted of the positive value of €2,081.0 thousand at 31 December 2023 relating to some derivative financial instruments in existence at that date. The tables below show the receivable derivative financial instruments outstanding at 31 December 2023 (coffee, interest rate, and exchange rate derivatives) and at the end of the previous year (coffee and interest rate derivatives), their main characteristics and the book value corresponding to the *fair value* at those dates, calculated using the elements provided by the Bloomberg Mars application.

Coffee purchases

At 31 December 2024, the Group had no hedging transactions in place for coffee purchases.

At 31 December 2023, the Group had transactions hedging coffee purchases for a total of approximately 3,589 tonnes. The instruments used by the Company are called "*Commodity Swap Transactions*". The positive value of the "*Commodity Swap Transactions*" as at 31 December 2023 was €1,907.7 thousand.

On the settlement date of the derivative, the *Swap* contracts call for the settlement of the spread between the purchase price set on the start date of the derivative and the price of the underlying commodity as indicated on the New York Coffee Exchange.

Since these are cash flow hedges aimed at limiting the exposure to the risk of variability in the cash flows attributable to highly probable transactions, in the Balance Sheet the Company has recognised the *fair value* of the hedging instruments, supplying a counterpart in the net equity item "*Reserve for expected cash flow hedging transactions*"

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Contract Type	Start date	Settlement date	Underlying value in EUR	Fair Value at 31/12/2023
SWAP	Aug-23	Feb-24	8,471,946	1,356,104
SWAP	Aug-23	Apr-24	953,281	551,633
			9,425,226	**1,907,738**

Exchange rate transactions

At 31 December 2024, the Group had no hedging transactions in place on exchange rates that show a positive *fair value*.

At 31 December 2023, there was forward sale of US dollars to cover the exposure to foreign currency receivables.

Contract Type	Start date	Settlement date	Notional in USD	Fair Value at 31/12/2023
AVERAGE RATE FORWARD	Oct-23	Dec-23	1,600,000	68,578
AVERAGE RATE FORWARD	Dec-23	Feb-24	5,880,000	104,606
			7,480,000	**173,184**

NOTE 23 - OTHER CURRENT ASSETS

	31/12/2024	31/12/2023
Guarantee deposits	15,165	14,648
Consolidated tax credit	2,845,521	3,400,450
Receivables for advance payments	789,425	699,959
Receivables for reimbursements to be received	454,099	384,396
Employee travel advances	13,099	14,705
Accrued income and prepaid expenses	2,178,214	2,073,704
Other receivables	392,995	507,657
TOTAL	**6,688,518**	**7,095,520**

This item includes "*Other current assets*" and at year-end consisted mainly of:

- "*Guarantee deposits*" for €15.2 thousand as of 31 December 2024 (€14.6 thousand as of 31 December 2023);
- The "*Consolidated tax credit,*" includes the receivable of the companies participating in the tax consolidation together with the parent company Gruppo illy S.p.A. and derives from the calculation of the taxes relating to the current year, net of the advances paid in the period.
- "*Accrued income and prepaid expenses*" for €2,178.2 thousand as at 31 December 2024 (€2,073.7 thousand as at 31 December 2023), which reflect income and expenses that accrue before or after the receipt of cash. They do not take into account the payment or collection date of the related Accrued income and prepaid expenses that are common to two or more years and divisible over time.
- "*Other receivables*" for €393.0 thousand as at 31 December 2024 (€507.7 thousand as at 31 December 2023), which mainly includes receivables for reimbursements to be received from the Treasury for 730 credits, concessions and adjustments (€95.3 thousand) and receivables from the European Union for projects (€216.1 thousand) of the Parent Company.

NOTE 24 - CASH AND CASH EQUIVALENTS

	31/12/2024	31/12/2023
Cash and equivalents on hand	177,226	211,538
Bank and post office deposits	52,199,631	31,618,905
TOTAL	**52,376,856**	**31,830,443**

This item consists mainly of the liquidity of Group companies deposited with primary banking institutions and remunerated at market conditions.
Please refer to the cash flow statement for a detailed analysis of the change during the year.

NOTE 25 - SHAREHOLDERS' EQUITY

At 31 December 2024, the "*Consolidated shareholders' equity*" totalled €185,340.0 thousand (€164,707.2 thousand as at 31 December 2023).

Share capital

The share capital as at 31 December 2024, fully subscribed and paid in, currently consists of 4,500,000 ordinary shares, with no par value, as per the resolution of the Shareholders' Meeting of 19 February 2021, which cancelled the treasury shares in the portfolio at 31 December 2020 (500,000 shares), equal to 10 % of its share capital, keeping the share capital unchanged.

Other reserves

These items break down as follows:

	Balance as at 31/12/2024	Balance as at 31/12/2023	Change
Extraordinary reserve	76,260,834	75,443,752	817,082
Reserve for capital grants	797,731	797,731	
Conversion reserve	(1,496,716)	(2,457,550)	960,834
Consolidation reserve	1,795,223	1,795,223	
Merger surplus	80,595	80,595	
Stock Option Reserve	1,161,835	643,745	518,089
Benefit plan reserve	(155,734)	(170,011)	14,277
Other reserves		849,041	(849,041)
Legal reserve	9,601,505	8,979,381	622,124
Reserve for expected cash flow of hedging transactions	(949,669)	1,696,757	(2,646,425)
Total Other Reserves	**87,095,605**	**87,658,665**	**(563,060)**

The item other reserves includes:

- The extraordinary reserve amounted to €76,260.8 thousand, which increased by the net value of €817.1 thousand given by the reclassification from Other reserves to Extraordinary reserve for €849.0 thousand, net of the reduction of €42.7 thousand following the allocation of the profit of the previous financial year.
- The "Reserve capital grants" pursuant to Art. 55 of Italian Presidential Decree 917 was €797.8 thousand and represents 50% of the grants paid in previous years, in accordance with article 55 of the Consolidated Law on Corporate Income Tax (TUIR) then in force, relating to capital grants.
- The translation reserve, negative for €1,496.7 thousand, is fuelled by the effect of the exchange rates arising from the conversion of the financial statements of foreign companies prepared in local currency. During the year, the translation reserve decrease by €960.8 thousand, mainly due to the strengthening of the US dollar against the Euro during the year.
- The consolidation reserve amounts to €1,795.2 thousand.
- The merger surplus reserve amounts to €80.6 thousand.
- The stock option reserve amounting to €1,161.8 thousand, which includes the effect on net equity resulting from the assignment of the stock option plans promoted in favour of management during the financial year ended 31 December 2024.
- The "Benefit plan reserve," amounted to €155.7 thousand, which includes the effect on shareholders' equity of the application of IAS 19.
- The item "Other reserves," decreased during the financial year due to the reclassification of the amount to the extraordinary reserve.
- The legal reserve recognised by the Parent Company as at 31 December 2024 was €9,601.5 thousand, which changed during 2024 at the time of the allocation of the profit for the previous year. This reserve is fed by the mandatory allocation of a sum not less than one twentieth of the annual net profits, until reaching an amount equal to one fifth of the share capital.

- The "Reserve for expected cash flow hedging transactions," includes the changes in the *fair value* of the effective component of financial derivatives hedging financial flows. This reserve is recorded net of the prepaid/deferred tax effect. The following table shows the changes of the reserve in question during the 2024 financial year.

Description	31/12/2023	Increase	Decrease	31/12/2024
Reserve for expected cash flow hedging transactions	1,696,757		(2,646,425)	(949,669)
TOTAL	**1,696,757**	**0**	**(2,646,425)**	**(949,669)**

Distributions made and proposed

During the year, based on the Shareholders' Meeting held on 24 April 2024, dividends were distributed for €11,852.3 thousand.

The proposed dividends on ordinary shares for the year ending 31 December 2024 amounted to €16,819.1 thousand. These dividends are subject to approval by the Shareholders' Meeting and are not recognised as a liability as at 31 December.

Management incentive plan – *Management Equity Plan 2022-2029*

On 2 December 2022, the Parent Company's Board of Directors, after receiving the positive opinion expressed by the Appointments and Remuneration Committee on 29 November 2022, approved the regulations of the incentive plan entitled "*Management Equity Plan 2022-2029*" with the following characteristics:

- the plan envisages the free assignment of a maximum number of 600,000 options to the beneficiaries – directors and executives of strategic importance of the Parent Company or its subsidiaries – identified by name at the sole discretion of the Board of Directors;
- the vesting of the rights and, consequently, the allotment of the related shares is subject to the beneficiary's minimum term of employment with the company or one of its subsidiaries;
- the options, once vested upon fulfilment of the exercise conditions, entitle the beneficiaries to subscribe class G shares (without voting rights pursuant to the Articles of Association) resulting from a share capital increase with exclusion of option rights approved by the Extraordinary Shareholders' Meeting on 2 December 2022.

The Board of Directors of the Parent Company may make any changes to the regulations that may be necessary and/or appropriate in relation, in particular, to the case of changes in the applicable legislation.

The determination of the *fair value* of the plan, which takes into account the current value of the share on the assignment date, the volatility, the expected dividend flow, the duration of the option and the risk-free rate, was entrusted to an independent external expert and was carried out by applying a closed-form option pricing method such as Black-Scholes (a methodology universally used for the valuation of options).

The costs related to this plan amount to €518.1 thousand in the 2024 financial year.

	Number of options
Options assignable by plan	600,000
Options assigned in 2022	294,996
Options to be assigned as at 31 December 2024	305,004

Through this plan, the company aims to incentivise and retain the beneficiaries according to the company's value growth in the medium to long term, aligning the interests of the beneficiaries with those of the shareholders of the Parent Company over a multi-year time horizon.

Below, we report the reconciliation table between the shareholders' equity and the operating result of the Parent Company with the consolidated financial statements.

	2024		2023	
	Shareholders' equity	Income statement	Shareholders' equity	Income statement
Parent Company ITA GAAP			**150,289,746**	**12,442,489**
- Effect of applying IFRS			(4,949,434)	1,971,848
Parent Company IFRS GAAP			**145,340,312**	**14,414,338**
- Effects of different FTA consolidated and separate			203,752	1,792,182
Parent Company IFRS GAAP restated	**161,239,718**	**29,701,458**	**145,544,064**	**16,206,519**
- Share of shareholders' equity and profit of consolidated companies, net of the equity investments' carrying value	23,336,670	4,299,559	20,118,427	10,140,944
- Elimination of write-downs net of revaluations of equity investments and receivables from consolidated companies		952,078		(1,397,782)
- Consolidation difference emerging from the reversal of consolidated equity investments	6,854,495		6,767,601	(1,893,000)
- Elimination of intercompany asset sales	(22,603)		(22,603)	
- Elimination of profits on sales to subsidiaries included in inventories, net of the related tax effect	(6,144,516)	(1,123,194)	(5,021,322)	852,348
- Elimination of intercompany receivables/payables	83,817	44,212	39,600	2,780
- Elimination of intercompany costs and revenues	(7,631)	(235,744)	(7,383)	(207,082)
Shareholders' Equity and net profit as reported in the consolidated financial statements (including minority interests)	**185,339,951**	**33,638,369**	**164,707,239**	**23,704,728**
Minority interests	(12,390)	(193)	(12,303)	(80)
Group share of Shareholders' Equity and net profit	**185,327,561**	**33,638,176**	**164,694,936**	**23,704,648**

NOTE 26 - NON-CURRENT FINANCIAL LIABILITIES

	31/12/2024	31/12/2023
Derivative financial instruments payable	1,249,564	
Amounts due for loans to other providers of finance	9,088,669	10,398,062
Amounts due for bank loans	100,780,557	5,501,725
Bond issues	28,000,000	42,000,000
TOTAL	**139,118,790**	**57,899,787**

"*Amounts due for bank loans*" amounting to €100,780.6 thousand as at 31 December 2024 (€5,501.7 thousand as at 31 December 2023) express the actual debt for capital, interest and ancillary charges accrued and payable for the non-current portion.
During 2024, the bank debt was consolidated and increased to meet the industrial investment plan planned in the Trieste plant, resulting in an increase in the item.

The table below summarises the maturity profile of payables for loans to other providers of finance, payables for bank loans and bond issues.

	Maturity in years			
	From 1 to 5 years	More than 5 years	Total at 31/12/2024	Total at 31/12/2023
Amounts due for bank loans	101,166,667		101,166,667	5,501,725
Bond issues	28,000,000		28,000,000	42,000,000
Amounts due for loans to other providers of finance	4,785,276	3,992,000	8,777,276	10,398,062
Total	**133,951,943**	**3,992,000**	**137,943,943**	**57,899,787**

The content of the Group's loans is specified below:

- Parent Company:

Medium-/Long-term Loans	Fair Value	Nominal value	Start date	Maturity Date	Pre-amortisation Instalments	
Loan 6	1,633,333	1,633,333	28/07/2010	30/06/2028	30 months	Half-yearly
Loan 20	100,000,000	100,000,000	23/04/2024	30/09/2027	36 months	2 instalments €50 Mio in 2027 (March_ September)
TOTAL	**101,633,333**	**101,633,333**				

Mortgage 6 is secured by a second mortgage on the Distripark logistics hub real estate complex, while Mortgage 20, disbursed in 2024 for €100,000.0 thousand with a 36-month pre-amortisation period, is secured by financial guarantees.

- Companies included in the scope of consolidation:

Following the closure of the loan issued in Brazilian reais (amounting to €171 thousand as t 31 December 2023) in December 2024, there are no other outstanding loans in the companies belonging to the Group.

During the financial year, the Group signed new loans for a total of €100,000.0 thousand, closed loans for €74,906.9 thousand, while the amount of repayments against loans still in existence is amounted to €15,464.7 thousand.

Some loans taken out over the years, include contractual clauses or *covenants* that set certain economic-financial parameters based on the results of the annual financial statements and/or the consolidated financial statements as at 31 December every year. If these covenants are not respected, the banks have the right to request early repayment of the remaining portion of the loans provided.

Based on the results of the financial statements of the Parent Company and the consolidated financial statements as at 31 December 2024, the balance sheet and income statement *ratios* envisaged in the loan agreements, which refer to financial statements prepared in accordance with the Italian accounting standards, were respected.

With reference to loans, the *ratio financial covenants* laid down in contract and respected by the Group are reported below:

Ratio	Threshold
NFP/NP Ratio	1.70
NFP/EBITDA Ratio	4.00

The item "*Bond issues*" included the bond issued on 30 July 2015 by the Parent Company, all of which was bought by the institutional investor Prudential Management Investment, for a total of $140 million, of which €70 million was disbursed during the same year.

The option to reach US $140 million expired during 2018 and no extension was renegotiated.

The bond has the following features:

- maturity on 30 July 2027
- pre-amortisation until 30 July 2023;
- fixed rate of 3.35%;
- interest payments on 30 January and 30 July of each year.

Lastly, the bond issue agreement called for compliance with certain operating and financial covenants based on the figures of the consolidated financial statements as at 30 June and 31 December of each year. Based on the figures of the consolidated financial statements at 31 December 2024, on the basis of the Italian accounting standards, there was full compliance with the balance sheet and income statement ratios specified in the agreement.

The *financial covenants* for the bond issue laid down in the bond regulation and respected by the Parent Company are shown below:

Ratio	Maximum threshold
Net worth ratio (NFP/Equity)	1.70
Maximum Leverage ratio (NFP/EBITDA)	4.00

At 31 December 2024, based on management expectations (Group plan until 2029 submitted to the Board of Directors of the Parent Company on 16 December 2024), there are no circumstances expected that would suggest non-compliance with the *covenants* for the entire period of the plan.

"Amounts due for loans to other providers of finance":

Over the course of 2023, "Frie Loan 00050005449" was taken out, stipulated in November 2020 for €9,980.0 thousand with a duration of 10 years, with a pre-amortisation period, secured by a mortgage subsequent to the third on "Distripark" and a lien on equipment covered by the programme.

Medium-/long-term loans	Remaining amount	Start date	Maturity Date	Prepayments	Instalments
FRIE NR 00050005449*	8,982,000	04/07/2023	01/07/2033		Half-yearly
TOTAL	**8,982,000**				

* of which the short-term position for € 998,0 thousand as referred in Note 31.

This item includes financial payables relating to capital goods subject to financial leases for the non-current portion amounting to €1,104.7 thousand.

"*Derivative financial instruments payable"* include the negative *fair value* at 31 December 2024 of the *"Interest Rate Swap"* contract in existence at said date and whose main characteristics and the book value corresponding to the *fair value*, are shown below.

Interest rate transactions

At 31 December 2024, the Group has an "*Interest Rate Swap*" contract in place with a negative *fair value*, the main characteristics of which and the carrying amount corresponding to the *fair value* at said date are shown in the following table:

Contract Type	Start date	Settlement date	Currency	Notional at 31/12/2024	Fair Value at 31/12/2024	Fixed Rate (Paid)	Variable rate (collected)
IRS	30/04/2024	30/09/2027	EUR	50,000,000	(1,249,563)	3.148%	Euribor 3M
				50,000,000	**(1,249,563)**		

At 31 December 2023, the Group had no "*Interest Rate Swap*" contracts, with a negative *fair value*.

NOTE 27 - CURRENT AND NON-CURRENT LEASE LIABILITIES

Financial liabilities for current and non-current leases refer to the payable that arose as a result of the application of IFRS 16 as from 1 January 2020 and refer to the contracts in place for the rental of buildings, leasing of equipment and vehicles, used in operating units. The liability recognised corresponds to that arising from the non-cancellable period of the contract, together with the best estimate of the effects related to the extension or early termination clauses the exercise of which was deemed reasonably certain.

In addition, the Group has a number of leases for machinery and vehicles whose duration is equal to or less than 12 months and office equipment whose value is modest. The Group has chosen to apply the exemptions envisaged by IFRS 16 regarding short-term or low-value leases for these contracts.

The following provides information on the financial statement values of lease liabilities and their changes during the period:

	Store & building	Means of transport	Industrial and commercial equipment	Other rights-of-use	Total
Opening balance at 01/01/2023	**23,919,131**	**2,050,795**	**523,064**	**1,343,735**	**27,836,725**
New contracts	4,857,993	1,928,827	13,848	213,516	7,014,183
Interest	659,246	89,282	11,433	37,942	797,904
Payments and contract changes	(10,106,612)	(1,659,058)	(254,328)	(664,538)	(12,684,536)
Reclassifications	5,869				5,869
Exchange differences	(39,870)	668		(6,287)	(45,489)
Closing balance at 31/12/2023	**19,295,756**	**2,410,514**	**294,017**	**924,369**	**22,924,656**
New contracts	8,458,439	1,862,240	579,770	93,747	10,994,196
Interest	625,091	154,405	23,945	27,909	831,350
Payments and contract changes	(10,951,406)	(1,953,755)	(307,973)	(448,947)	(13,662,081)
Exchange differences	21,183	(6,248)		7,391	22,325
Closing balance at 31/12/2024	**17,449,063**	**2,467,156**	**589,759**	**604,468**	**21,110,446**

	31/12/2024	31/12/2023
Current lease liabilities	**6,729,445**	**6,542,885**
Store & building	4,956,261	4,784,860
Means of transport	1,236,605	1,162,071
Industrial and commercial equipment	166,818	195,619
Other rights-of-use	369,760	400,335
Non-current lease liabilities	**14,381,001**	**16,381,771**
Store & building	12,492,802	14,510,896
Means of transport	1,230,551	1,248,443
Industrial and commercial equipment	422,940	98,398
Other rights-of-use	234,708	524,034

The maturity profile of non-current lease liabilities is shown.

	31/12/2024	31/12/2023
From 1 to 5 years	**12,390,479**	**14,157,811**
Non-current lease store & building	10,502,280	12,286,936
Non-current lease Means of transport	1,230,550	1,248,443
Non-current lease Industrial and commercial equipment	422,940	98,398
Non-current lease Other rights-of-use	234,708	524,034
More than 5 years	**1,990,522**	**2,223,959**
Non-current lease store & building	1,990,522	2,223,959
Non-current lease means of transport		
Non-current lease industrial and commercial equipment		
Non-current lease Other rights-of-use		

Below is a breakdown of the effects recognised in the income statement:

	2024	2023
Amortisation of right-of-use assets	7,364,140	7,674,910
Interest expense on lease agreements	920,874	855,911
Total amount in income statement	**8,285,013**	**8,530,821**

NOTE 28– OTHER NON-CURRENT LIABILITIES

	31/12/2024	31/12/2023
Accrued expenses and deferred income	3,253,989	
Other non-current liabilities	83,973	
TOTAL	**3,337,961**	**0**

As of 31 December 2024, deferred income with a duration of more than five years amount to €78.6 thousand and are related to accrued income on grants receivable.

NOTE 29 - EMPLOYEE BENEFITS

The changes in the item are detailed below:

FUTURE BENEFIT PLAN	
Obligations for defined benefits as at 1.1.2023	**2,862,529**
Benefits paid	(323,136)
Service cost	102,112
Financial expense	75,608
Actuarial gains and losses	(91,083)
Obligations for defined benefits as at 31.12.2023	**2,626,031**
Benefits paid	(245,215)
Service cost	28,655
Financial expense	65,859
Actuarial gains and losses	(19,477)
Obligations for defined benefits as at 31.12.2024	**2,455,853**

The item mainly includes the debt for employee severance indemnity of Italian companies and post-employment benefits of subsidiaries. It should be noted that the increase in interest rates has caused a decrease in the current value of the funds compared to the previous period.
The way in which these benefits are guaranteed varies depending on the legal, fiscal and economic conditions of each country in which the Group operates.

The valuation of the employee severance indemnity (TFR) debt for IAS/IFRS purposes follows the method of projecting the current value of the defined benefit obligation with an estimate of the benefits accrued by employees.

Following the changes introduced by Italian Law No. 296 of 27 December 2006 ("2007 Budget Law") and subsequent implementing decrees and regulations, the portion of leaving indemnities accrued up to 31 December 2006 will continue to remain with the company, taking on the form of a defined benefit plan (obligation for accrued benefits subject to actuarial valuation), while the portions accruing from 1 January 2007 onwards, as a result of the choices made by employees during the year, will be allocated to supplementary pension schemes or transferred by the company to the treasury fund managed by INPS, taking on the form, from the moment the choice is formalised by the employee, of defined contribution plans (no longer subject to actuarial valuation). The determination of the TFR is therefore the result of the application of an actuarial model that is based on various assumptions, both demographic and economic in type. The table below shows the economic technical bases used:

	31/12/2024	31/12/2023
Annual discount rate	3.40% - 3.41%	3.20% - 3.71%
Annual inflation rate	2.00%	2.00%
Advance rate	0.93% - 3.06%	0.91% - 3.06%
Staff turnover rate	6.16% - 17.08%	6.00% - 12.57%

In particular, we note that the annual discount rate used to determine the current value of the obligation was inferred, consistently with point 83 of IAS 19, with reference to market yields, at the closing date, of bonds of primary companies referring to Italian and French companies.

NOTE 30 - NON-CURRENT PROVISIONS

	31/12/2024	31/12/2023
Agents' leaving indemnity provision	2,219,557	2,104,677
Provisions for risks and charges	6,184,553	3,725,252
TOTAL	**8,404,110**	**5,829,929**

The "*Non-current provisions*" totalling €8,404.1 thousand are mainly represented by the allocations made by the Parent Company for legal and tax disputes for €2,598.7 thousand, for commercial disputes for €1,015.8 thousand and for early retirement incentives for €1,285.0 thousand.
In 2016, the Parent Company received notification of two notices of assessment issued by the FVG (Friuli Venezia Giulia) Regional Revenue Agency for IRES and IRAP purposes for the 2011 tax period, concerning higher revenues hypothesised on intragroup transactions and other minor items for IRAP purposes. The appropriate documentation prepared by the company has allowed the removal of the sanctions. The total amount requested is € 1.15 million, plus interest. With the judgement of 32/2019 delivered on 20/11/2018 and filed on 5/02/2019, Section 1 of the Trieste Provincial Tax Commission upheld both appeals and cancelled the assessments. In August 2019, the FVG Regional Revenue Directorate appealed this ruling to the Regional Tax Commission and filed an injunction with an appeal served at the end of October of the same year. Following a postponement, the hearing before the FVG 2nd instance Tax Court was set for 3 April 2023. With the ruling dated 17 July 2023, the Tax Justice Court upheld the first instance ruling in favour of the company. At 31 December 2024, the dispute has been settled.

On 5 February 2020, the FVG Regional Revenue Directorate initiated a general tax audit for the 2017 tax period, which was shortly after suspended due to the Covid-19 emergency. The inspections resumed in February 2023. On 27 July 2023, the Regional Revenue Agency notified a findings report (PVC) through which the Office recalculated higher IRES due for the year 2017 amounting to € 202 thousand and informed the company that certain audits on the documentation provided were still ongoing. The company partially accepted the findings covered by the PVC and paid higher taxes plus penalties and interest. During 2024, the Company proceeded to define the further findings notified by the Office through verification with acceptance and special voluntary settlement.

The "*Agents' leaving indemnity provision*", which was reclassified during the financial year from current to non-current, amounts to €2,219.6 thousand (€2,104.7 thousand at 31 December 2023). This provision is set aside to meet indemnities that Group companies are obliged to pay agents in the event that the agency relationship is terminated upon the initiative of the companies of the Group, or in the event of the agent's death, permanent disability or retirement. This indemnity is not however due if the agency relationship is terminated on the agent's initiative, or for just cause. The provision is made in accordance with collective financial agreements and mentioned in agency contracts stipulated with the agents.

The main assumptions used in the actuarial estimate of the "Agents' leaving indemnity provision" are the following:

	Italy	
	2024	2023
Economic assumptions		
Discount rate	3.52%	3.82%
Demographic assumptions		
Probability of mortality	ISTAT 23 mortality tables broken down by gender and reduced to 85%	ISTAT 22 mortality tables broken down by gender and reduced to 85%
Probability of disability	INPS tables reduced to 70%	INPS tables reduced to 70%
Probability of outgoing personnel	0.10% with just cause 7.81% without just cause	0.10% with just cause 8.73% without just cause

NOTE 31 - CURRENT FINANCIAL LIABILITIES

	31/12/2024	31/12/2023
Amounts due for bond issues	14,000,000	14,000,000
Amounts due for bank loans	473,641	71,511,650
Amounts due for loans to other providers of finance	1,309,393	1,301,962
Derivative financial instruments payable	222,362	
TOTAL	**16,005,396**	**86,813,612**

The balance of the item in question comprises:

- "*Amounts due for bond issues*" represents the short-term portion of the bond issue explained in note 26;
- "*Amounts due for bank loans*" for €1,309.4 thousand (€71,511.7 thousand as at 31 December 2023) reduced following the debt refinancing operation with a pool of leading banking institutions described in Note 26;
- "*Amounts due for loans to other lenders*" for €1,309.4 thousand (€1,302.0 thousand as of 31 December 2023) which represent the short-term debt of financial leases for €311.04 thousand and the short-term portion of the Frie loan for €998.0 thousand;
- "*Passive derivative financial instruments*" for €222.4 thousand (not present at 31 December 2023) represent the *fair value* of exchange rate hedging transactions, in particular on positions in USD and GBP currencies.
- See table below for further details.

Exchange rate transaction

At 31 December 2024, the outstanding foreign exchange transactions show a negative fair value, as reported in the following table:

Contract Type	Start date	Settlement date	Notional in EUR	Fair Value at 31/12/2024
AVERAGE RATE FORWARD	Oct-24/Nov-24/ Dec-24	Jan-25	4,169,518	(111,127)
AVERAGE RATE FORWARD	Nov-24/Dec-24	Feb-25	6,675,660	(90,952)
AVERAGE RATE FORWARD	Dec-24	Mar-25	2,660,906	(20,283)
			13,506,085	**(222,362)**

At 31 December 2023, the Group had no transactions in place on exchange rates that show a negative *fair value*.

NOTE 32 - TRADE PAYABLES

	31/12/2024	31/12/2023
Trade payables	126,901,160	105,148,225
TOTAL	**126,901,160**	**105,148,225**

"*Payables to suppliers*" are recorded net of trade discounts, do not include the payment of interest and are on average settled within 60 days.

NOTE 33 - OTHER CURRENT LIABILITIES

	31/12/2024	31/12/2023
Indirect tax payables	812,234	907,606
Other current tax payables	2,044,858	1,861,480
Payables to social security and pension organisations	6,196,395	5,386,725
Amounts due to employees and directors	13,326,167	12,290,584
Other current liabilities	9,969,251	11,750,057
TOTAL	**32,348,904**	**32,196,452**

"Indirect tax payables" consist mainly of VAT payables for €759.1 thousand.
"*Other current tax payables*" mainly consist of withholding tax payables for withholding taxes on salaries and wages for €2,041.7 thousand and of "Coffee tax payables" of the German branch for €3.1 thousand.

The item "*Amounts due to welfare and social security institutions*" refers to payables due at year-end to these institutions for the portion borne by Group companies and employees relating to salaries and wages for the month of December 2024, as well as the payables for social security contributions relating to the Parent Company's sales network.

"*Amounts due to employees and directors*" are inherent to the remuneration accrued as of the year end date, as well as holiday entitlement accrued and not taken as of the same date.

The item "*Other current liabilities*" includes €5,110.1 thousand in debt of Group companies towards the parent company for participation in the tax consolidation together with the parent company RAA S.p.A. and derives from the calculation of taxes relating to the current year, net of advances paid during the period. Furthermore, the item includes current accrued liabilities and deferred income for €2,325.4 thousand and payables for goods to be delivered for €312.0 thousand.

NOTE 34 - CURRENT PROVISIONS

	31/12/2024	31/12/2023
Product warranty provision	326,554	432,584
TOTAL	**326,554**	**432,584**

The "*Product warranty provision*" amounting to €326.6 thousand represents the amount set aside for this purpose for sales of espresso machines under warranty. The amount of the provision reflects the best estimate of possible work to be carried out over the years of the duration of the warranty and was increased during the year by €259.0 thousand and utilised for €365.0 thousand for work performed.

NOTE 35 - CONTRACT LIABILITIES

	31/12/2024	31/12/2023
Provision for returned goods	67,328	52,264
Prize transactions provision	540,482	410,589
TOTAL	**607,810**	**462,854**

The "*Provision for returns*" amounting to €67.3 thousand represents the best estimate of product returns made in 2024.

The "*Prize transaction provision*" amounting to €540.5 thousand is linked to loyalty programmes outstanding, which allow customers to accumulate points that can be redeemed for free with products, discounts or promotional codes. Loyalty points entail an separate obligation to perform with respect to the sales of products made in the meantime to customers as they provide an additional material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers on the basis of the related stand-alone sales price and recognised as an obligation to perform as long as the points are used. Consequently, a reduction in sales revenue is estimated in the presence of a current contractual liability. Revenue is recognised when the products are redeemed by the customer.

In assessing the stand-alone price of loyalty points, the Group considers the probability that the customer will redeem the points. The Group updates its estimates of points that will be redeemed quarterly and any adjustments to the balance of contractual liabilities are booked to revenues.

The increase compared to the previous financial year is a consequence of the opening of a new programme which took place towards the end of the previous financial year.

NOTE 36 - CURRENT TAX PAYABLES

	31/12/2024	31/12/2023
Current tax payables	2,701,525	2,176,570
TOTAL	**2,701,525**	**2,176,570**

"*Current tax payables*" include IRAP payables for €2,037.2 of the Parent Company in addition to the payables for income taxes of the other companies included in the scope of consolidation.

NOTE 37 - FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

The following table shows the breakdown of the Group's assets and liabilities as at 31 December 2024 measured at *fair value* (positive/negative in euro) and their hierarchical level is indicated.

Derivative contracts	Level 1 (prices quoted in an active market)	Level 2 (observable significant inputs)	Level 3 (unobservable significant inputs)
Interest rate swap		(1,249,563)	
Foreign currency forward sales agreements		(222,362)	
Commodity swap transaction on raw materials			
Call options on raw materials			
Total		**(1,471,925)**	

The Group's assets and liabilities as at 31 December 2023 measured at *fair value* and their hierarchical level were as follows:

Derivative contracts	Level 1 (prices quoted in an active market)	Level 2 (observable significant inputs)	Level 3 (unobservable significant inputs)
Interest rate swap		324,837	
Foreign currency forward sales agreements			
Commodity swap transaction on raw materials			
Call options on raw materials		1,907,738	
Total		**2,232,575**	

During 2024, there were no transfers between levels.

NOTE 38 – COMMITMENTS, GUARANTEES AND POTENTIAL LIABILITIES

Guarantees

At the end of the year, the Group had the following direct and indirect guarantees given to third parties for a total of €1,474.5 thousand:

Guarantor	Party guaranteed	Amount
Unicredit Banca	Ministry of Economic Development – cumulative guarantees	250,000
BNL	illy Shop Porta Nuova, Milan	201,910
BNL	illy Shop ARP, Rome	51,000
BNL	Trieste Chamber of Commerce - illy Shop Trieste	40,147
Unicredit	Porta di Roma shopping gallery	127,000
BNL	Albergo Nazionale Srl - illy Montecitorio	10,950
BNL	Bloomfleet - Telepass	39,000
BNL	Reale Immobile SpA - Milan Offices	80,000
BNL	Venice Gardens Foundation non-profit - illy Venice	220,000
BNL	Generali Reale Estate - Ponterosso	20,000
BNL	Finnapo Srl - illy Montenapoleone	314,989
Unicredit Banca	Generali Reale Estate - Citylife	28,019
BNL	Singapore Airlines Ltd Singapore	33,378
DEU	New offices Sucursal en Espana	58,128
TOTAL		**1,474,520**

Commitments

At 31 December 2024, there are no commitments not represented in the financial statements.

Potential liabilities

The Group is not currently subject to particular risks, uncertainties or legal disputes exceeding the amounts already set aside in the financial statements. Usual tax audits are reported as part of periodic monitoring activities and, at the moment, no particularly relevant findings have emerged and in any case the Group is confident in the correctness of its conduct.

NOTE 39 - RELATED PARTIES DISCLOSURE

Transactions carried out with related parties, including intra-group transactions, cannot be classified as either atypical or unusual and fall within the ordinary course of business of the Group companies. Such transactions are regulated under market conditions, taking into account the characteristics of the goods and services provided.

The relationships with the parent company and other related parties are shown below:

	Trade receivables	Other current assets	Trade payables	Other current liabilities	Intangible assets	Revenues from sales and services	Cost of production
Parent Company							
Gruppo Illy S.p.A.	25,336	2,845,621				39,715	
RAA S.p.A.	644			5,098,478		528	
Associates							
Kafea Terra Food & Drinks S.A.	9,815,261					30,716,213	
Illycafè Thalwil AG	285,959					1,085,879	
Other related parties							
Fondazione Ernesto Illy							475,000
Blitz Srl							3,440
Picture of Change			12,949		10,614		
Amarey Srl	431		4,619			3,017	3,786
TOTAL	**10,127,631**	**2,845,621**	**17,568**	**5,098,478**	**10,614**	**31,845,352**	**482,226**

Receivable and payable positions with respect to the parent company Gruppo Illy S.p.A. and RAA S.p.A. mainly arise from membership in the national tax consolidation.
Relations with other related parties mainly refer to commercial relationships for the sale and purchase of goods.

OTHER INFORMATION

The Company has not issued financial instruments on the basis of Art. 2346, paragraph 6 or dedicated assets to individual businesses as provided for by Articles. 2447-bis et seq. of the Italian Civil Code.

SUBSEQUENT EVENTS

There are no significant events reported after the balance sheet date.

illycaffè S.p.A.

Chairman of the Board of Directors

Andrea Illy

Independent auditor's report

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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
illycaffè S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the illycaffè Group (the "group"), which comprise the statement of financial position as at 31 December 2024, the income statement, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include material information on the accounting policies.

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

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of the parent ("illycaffè S.p.A.") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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CERTIFIED MANAGEMENT SYSTEM
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ISO 30415 - ISO 37001
SA 8000 - UNI PdR 125

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Bologna Bolzano Brescia
Catania Como Firenze Genova
Lecce Milano Napoli Novara
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20124 Milano MI ITALIA

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' 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 auditors' 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 ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of 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 auditors' 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 auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion and statement pursuant to article 14.2.e)/e-bis)/e-ter) of Legislative decree no. 39/10

The parent's directors are responsible for the preparation of the group's management report at 31 December 2024 and for the consistency of such report with the related consolidated financial statements and its compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to:

- express an opinion on the consistency of the management report with the consolidated financial statements;
- express an opinion on the consistency of the management report with the applicable law;
- issue a statement of any material misstatements in the management report.

In our opinion, the management report is consistent with the group's consolidated financial statements at 31 December 2024.

Moreover, in our opinion, the management report has been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e-ter) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, 11 April 2025

KPMG S.p.A.

(signed on the original)

Paola Maiorana
Director of Audit

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Financial statements

INCOME STATEMENT

	2024	2023	Notes
Revenues	532,834,747	493,809,805	1
Other operating income	11,900,545	11,965,280	2
Total net revenues	**544,735,292**	**505,775,085**	
Changes in inventories of finished and semi-finished products	5,556,137	(2,814,862)	3
Costs for purchase of raw materials, consumable and finished goods	(267,551,248)	(254,021,161)	4
Costs for employee benefits	(80,824,215)	(76,212,937)	5
Costs of services	(92,493,804)	(87,428,697)	6
Amortisation/depreciation	(34,114,021)	(32,882,369)	7
Impairment losses on non-current assets	(156,259)	(2,254,898)	8
Other operating expenses	(21,098,870)	(20,901,254)	9
Total operating expenses	**(490,682,281)**	**(476,516,178)**	
Operating result (EBIT)	**54,053,012**	**29,258,907**	
Financial expenses	(12,710,808)	(10,610,131)	10
Financial income	5,800,307	5,080,171	11
Other income (expenses) on financial activities	(5,452,078)	(1,202,292)	12
Pre-tax profit/(loss)	**41,690,433**	**22,526,656**	
Income taxes	(11,988,975)	(6,320,136)	13
Profit/(loss) deriving from assets held for disposal net of taxation			
Profit/(loss) for the year	**29,701,458**	**16,206,519**	

STATEMENT OF COMPREHENSIVE INCOME

	31/12/2024	31/12/2023	Notes
Profit/(loss) for the year (A)	**29,701,458**	**16,206,519**	
Components of comprehensive income that may be reclassified to profit/(loss) in subsequent periods:			
Net gain/(loss) on cash flow hedges	(3,482,139)	1,199,621	
Tax impact	835,713	(287,909)	
Subtotal (B1)	**(2,646,425)**	**911,712**	
Components of comprehensive income that will not be reclassified to profit/(loss) in subsequent periods:			
Actuarial profits/(losses) recognised in the statement of comprehensive income	(33,085)	76,315	
Tax impact	7,940	(18,316)	
Subtotal (B2)	**(25,144)**	**58,000**	
Total other components of the statement of comprehensive income for the year, net of taxation (B1+B2)	**(2,671,570)**	**969,712**	
Comprehensive net profit/(loss) for the year (A+B1+B2)	**27,029,889**	**17,176,231**	

STATEMENT OF FINANCIAL POSITION

	31/12/2024	31/12/2023	01/01/2023*	Notes
Non-current assets				
Property, plant and equipment	108,314,552	100,381,191	99,751,704	14
Goodwill	6,092,493	6,092,493	6,092,493	15
Intangible assets	29,545,036	25,750,558	24,469,936	16
Right-of-use assets	16,380,087	17,906,152	18,943,901	17
Equity investments and other non-current financial assets	58,822,353	58,402,201	59,238,685	18
Other non-current assets	408,107	519,015	609,214	19
Deferred tax assets	7,626,799	8,433,445	9,616,246	13
Total non-current assets	**227,189,425**	**217,485,055**	**218,722,179**	
Current assets				
Inventories	107,558,236	93,274,784	110,143,918	20
Trade receivables	93,619,452	89,854,724	86,919,293	21
Current tax receivables	6,792,329	5,389,865	4,497,748	22
Current financial assets	5,489,562	8,125,009	12,037,406	23
Other current assets	5,502,059	5,601,043	5,316,941	24
Cash and cash equivalents	46,576,549	23,658,229	10,807,185	25
Total current assets	**265,538,187**	**225,903,654**	**229,722,490**	
Assets held for sale				
Total assets	**492,727,612**	**443,388,708**	**448,444,669**	
Shareholders' equity				
Share capital	50,000,000	50,000,000	50,000,000	
Other reserves	86,797,984	88,361,299	87,594,468	
Retained earnings and result for the period	24,441,734	7,182,765	(1,826,530)	
Total shareholders' equity	**161,239,718**	**145,544,064**	**135,767,938**	26
Non-current financial liabilities	139,118,790	57,899,787	114,533,126	27
Non-current lease liabilities	10,258,898	11,412,606	12,026,327	28
Other non-current liabilities	3,253,989	3,797,084	1,916,267	29
Employee benefits	2,224,062	2,373,162	2,626,369	30
Non-current provisions	7,119,058	11,392,829	11,183,767	31
Non-current contractual liabilities				
Deferred tax liabilities	596,641	1,450,606	928,684	13
Total non-current liabilities	**162,571,438**	**88,326,073**	**143,214,541**	
Current financial liabilities	16,005,396	86,635,651	39,389,998	32
Current lease liabilities	3,964,601	4,056,100	3,983,523	28
Trade payables	120,940,010	95,595,265	107,222,897	33
Other current liabilities	25,825,322	22,232,299	16,184,803	34
Current provisions	326,554	432,584	2,446,364	35
Contract liabilities	603,479	460,674	234,606	36
Current tax payables	1,251,095	105,999		37
Total current liabilities	**168,916,456**	**209,518,571**	**169,462,191**	
Liabilities relating to assets held for sale				
Total liabilities	**331,487,894**	**297,844,645**	**312,676,731**	
Total Liabilities and Shareholders' equity	**492,727,612**	**443,388,708**	**448,444,669**	

* The third column reflects the data restated to reflect the effects of the first-time adoption of IAS/IFRS which, as required by IFRS 1, are described in detail in the Annex "Transition to IFRS international accounting standards."

CASH FLOW STATEMENT

	2024	2023
Cash flows from operating activities		
Profit (loss) for the year	**29,701,458**	**16,206,519**
Income taxes	11,988,975	6,320,136
Financial income and expense	6,639,540	6,162,388
(Dividends)	(297,625)	(218,989)
Profit (loss) on the disposal of property, plant and machinery	(138,694)	(5,643)
1) Profit (loss) for the year before income taxes, interest, dividends and gains/losses on disposals	**47,893,654**	**28,464,412**
Net change in provisions	(211,281)	(2,078,652)
Depreciation of property, plant and equipment	21,504,620	20,448,716
Amortisation of intangible assets	7,810,120	7,740,968
Amortisation of right-of-use assets	4,799,281	4,953,271
Write-downs for permanent impairment losses	155,844	2,254,898
Write-down of equity investments	5,452,078	1,202,292
Net change in employee benefits	(149,100)	(253,206)
Share-based payment transactions settled with equity instruments	518,089	596,363
Value adjustments to financial assets and liabilities of derivative financial instruments that do not involve monetary movements	(2,646,425)	1,197,861
Other increases/(decreases) for non-monetary items	3,877,685	(1,371,045)
2) Net cash flows before changes to the NWC	**89,004,565**	**63,155,878**
(Increase)/decrease in inventories	(14,283,452)	16,869,134
(Increase)/decrease in trade receivables	(13,275,798)	(2,935,431)
(Increase)/decrease in other non-financial assets	324,296	(892,118)
(Increase)/decrease in trade payables	25,344,744	(11,627,631)
(Increase)/decrease in other current assets	98,984	5,554,312
(Increase)/decrease in other current liabilities	(6,634,806)	2,222,003
Other decreases/(Other increases) in NWC	(432,188)	1,971,016
3) Net cash flows after changes to the NWC	**80,146,346**	**74,317,163**
Interest received/(Interest paid)	(6,639,540)	(6,162,388)
Income taxes paid	(2,247,323)	(471,407)
Dividends received	218,933	57

	2024	2023
NET CASH FLOWS GENERATED/(ABSORBED) FROM OPERATING ACTIVITY (A)	**71,478,416**	**67,683,425**
Investments in tangible assets	(29,834,693)	(21,831,183)
Disposals of tangible assets	499,414	352
Investments in intangible assets	(11,850,028)	(10,854,545)
Divestments of intangible assets	125,579	336,328
(Investments in short-term financial assets)	635,031	
Disposal of short-term financial assets	(856,330)	(701,847)
NET CASH FLOWS ABSORBED FROM INVESTMENT ACTIVITY (B)	**(41,281,027)**	**(33,050,896)**
Cash flows arising from financing activities		
Net increase/(decrease) in other financial liabilities	(385,583)	(169,831)
Undertaking of non-current and current financial liabilities	100,000,000	29,980,000
Repayment of non-current and current financial liabilities	(90,193,632)	(39,197,856)
Repayment of principal portion of lease agreements	(4,822,385)	(4,456,667)
Dividends paid to shareholders of the Parent Company	(11,852,324)	(8,000,000)
NET CASH FLOWS GENERATED/(ABSORBED) FROM FINANCIAL ACTIVITY (C)	**(7,253,925)**	**(21,844,354)**
Other changes in shareholders' equity	(25,144)	62,869
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (D = A + B + C)	**22,918,320**	**12,851,044**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (E)	**23,658,229**	**10,807,185**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (F = D + E)	**46,576,549**	**23,658,229**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Amounts in euros	Share capital	Legal reserve	FTA reserve	Stock Option Reserve	Reserve for employee benefits
Opening balance at 01/01/2024	**50,000,000**	**8,979,381**	**(9,028,624)**	**643,745**	**(129,703)**
Net operating result for the year					
Net gain/(loss) on expected cash flow hedging transactions					
Actuarial gains/(losses)					(25,144)
Total comprehensive income/(loss)	**0**	**0**	**0**	**0**	**(25,144)**
Allocation of the result		622,124			
Payment of dividends					
Derecognition					
Increase				518,089	
Closing balance at 31/12/2024	**50,000,000**	**9,601,505**	**(9,028,624)**	**1,161,835**	**(154,848)**

Amounts in euros	Share capital	Legal reserve	FTA reserve	Stock Option Reserve	Reserve for employee benefits
Opening balance at 01/01/2023*	**50,000,000**	**8,619,276**	**(9,028,624)**	**47,382**	**(187,703)**
Net operating result for the year					
Net gain/(loss) on expected cash flow hedging transactions					
Actuarial gains/(losses)					58,000
Total comprehensive income/(loss)	**0**	**0**	**0**	**0**	**58,000**
Allocation of the result		360,105			
Payment of dividends					
Decrease					
Increase				596,363	
Other changes					
Closing balance at 31/12/2023	**50,000,000**	**8,979,381**	**(9,028,624)**	**643,745**	**(129,703)**

* The balances as at 01.01.2023, include the effects of the first-time adoption of IAS/IFRS which, as required by IFRS 1, are described in detail in the Annex "Transition to IFRS international accounting standards."

Reserve for expected cash flow of hedging transactions	Other reserves	Profit carried forward	Net operating result for the year	Total shareholders' equity
1,696,757	**77,171,119**	**4,869**	**16,206,519**	**145,544,064**
			29,701,458	29,701,458
(2,646,425)				(2,646,425)
				(25,144)
(2,646,425)	**0**	**0**	**29,701,458**	**27,029,889**
	(31,959)	15,616,354	(16,206,519)	0
		(11,852,324)		(11,852,324)
	0	0		0
				518,089
(949,669)	**77,139,160**	**3,768,900**	**29,701,458**	**161,239,718**

Reserve for expected cash flow of hedging transactions	Other reserves	Profit carried forward	Net operating result for the year	Total shareholders' equity
785,045	**78,330,467**	**0**	**7,202,094**	**135,767,938**
			16,206,519	16,206,519
911,712				911,712
				58,000
911,712	**0**	**0**	**16,206,519**	**17,176,231**
	(1,158,011)	8,000,000	(7,202,094)	0
		(8,000,000)		(8,000,000)
				596,363
	(1,337)	4,869		3,532
1,696,757	**77,171,119**	**4,869**	**16,206,519**	**145,544,064**

Basis of preparation

INTRODUCTION

Activities performed

The core businesses of the company are the production and distribution of coffee and derivative, and complementary products, as well as food and ancillary products, in Italy and abroad, and the corresponding industrial activities.

The company also carries out activities of research, design, sale of machines and equipment related to the production and use of the aforementioned materials and products and the relative after-sales assistance.

Business is also carried out through permanent organisations in Spain, Germany, the Netherlands, Austria and in the Asia Pacific area.

It should be noted that, as from 2019, illycaffè adopted the status of Benefit Company and this constituted a step towards crystallising its guiding principle of doing business: operating as a stakeholder company based on a model of sustainable development that, through the sharing of the value generated (economic sustainability), harmoniously pursues its own growth and a positive impact (social sustainability, environmental sustainability) on the communities it operates in. Crystallising this process, in 2021 the company became the first Italian coffee company to achieve B Corp® certification.

Group membership

The company is directly controlled by Gruppo illy S.p.A. (69% as of 31 December 2024), in turn wholly controlled by RAA S.p.A., with registered offices at Piazza Cavour 3, Milan, Italy, which draws up the consolidated financial statements of the largest group of companies to which the illycaffè Group belongs. Pursuant to and for the purposes of Article 2497 et seq. of the Italian Civil Code, the aforementioned company does not exercise management and coordination activities, and therefore it is not considered necessary to proceed with the disclosure required by law.

Pursuant to Art. 2427 of the Italian Civil Code No. 22-quinquies, the following information is provided by the company that prepares the Consolidated Financial Statements of the Group that includes the company.

Company name	**RAA S.p.A.**
City (if in Italy) or Country	**Milan (Italy)**
Tax Code (for Italian companies)	**12582660960**
Place of filing of the consolidated financial statements	**Milan (Italy)**

Information on relationships with subsidiaries, associates and with the parent company and companies subject to its control is provided in this note below.

Consolidated financial statements

The Company holds controlling interests and therefore, by way of supplement to the annual financial statements, has prepared the Group's consolidated financial statements to which reference should be made for more complete disclosure.

Pursuant to Italian Legislative Decree No. 127/1991, the company - although directly controlled by Gruppo illy S.p.A., in turn controlled by RAA S.p.A. - prepares the Group consolidated financial statements without using the exemption option envisaged by Article 27, paragraph 3 of Italian Legislative Decree No. 127/1991. The consolidated financial statements as of 31 December 2024 were prepared on the basis of the IAS/IFRS international accounting standards.

Form and content of the financial statements

The financial statements for the year ended as at 31 December 2024, are the first financial statements to have been prepared in accordance with international accounting standards as the Company, pursuant to Art. 4 of Legislative Decree no. 38/2005, has exercised the right to prepare its financial statements by applying the IFRS international accounting standards approved by the European Union.

This financial statement presents, for comparative purposes, the corresponding data from the previous financial year prepared in accordance with international accounting standards that derive from the financial statements as at 31 December 2023 prepared in accordance with the Italian regulations that govern the drafting criteria. The Annex

"Transition to International Accounting Standards ("IFRS")" contains the transition criteria and the reconciliation statements of the Company's shareholders' equity and operating result for the comparative periods.

The financial statements for the year ended at 31 December 2024, prepared on a going concern basis, have been prepared pursuant to Articles 2 and 3 of Legislative Decree no. 38/2005, in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board and approved by the European Commission, which include the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as well as the previous International Accounting Standards (IAS) and the interpretations of the Standard Interpretations Committee (SIC) still in force.

For the sake of simplicity, the set of all principles and interpretations is hereinafter referred to as "IFRS".

The financial statements consists of the following accounting statements:

- the income statement, in which income and expenses are classified by nature;
- the comprehensive income statement that includes income and expense items that are not recognised in the income statement for the period as required or permitted by IFRS, such as changes in the reserve for actuarial income and expenses on employee benefits and changes in the conversion reserve;
- the statement of financial position, in which assets and liabilities are classified separately into current and non-current;
- the cash flow statement in accordance with the indirect method format, whereby the pre-tax profit for the year has been stripped of the effects of transactions of a non-cash nature, of any deferrals or accruals of previous or future operating cash receipts or payments, and of elements of income or expense associated with cash flows from investing or financing activities;
- the statement of changes in the shareholders' equity with separate evidence of the operating result and of each revenue, income, charge and expense not passed through the profit /(loss) of the financial year, but charged directly to shareholders' equity on the basis of the IFRS.

All values are stated in thousands of euros, unless otherwise indicated.

The Euro represents the functional currency of the Company.

Use of estimates in preparing the financial statements

The preparation of the financial statements requires the Directors to apply accounting standards and methods which, in certain circumstances, are based on valuations and estimates based on historical experience and assumptions that are considered reasonable and realistic from time to time in relation to the related circumstances.

The application of these estimates and assumptions has an effect on the values of the assets and liabilities, of the costs and revenues recognised in the financial statements and on the disclosure relating to contingent assets and liabilities at the year-end date.

The final results could differ from these estimates.

Below is a brief description of the financial statement items that require more subjectivity on the part of the Directors in preparing the estimates than others and for which a change in the conditions underlying the assumptions used could have a significant impact on the financial data.

- Measurement of receivables: trade receivables are adjusted by the related allowance for doubtful receivables to take into account their actual recoverable value. Determining the amount of the write-downs made requires the Directors to exercise subjective judgement based on the documentation and information available also regarding the customer's solvency, as well as on experience and historical trends.
- Measurement of goodwill and intangible assets with an indefinite useful life: in accordance with the international accounting standards, goodwill and intangible assets with an indefinite useful life are subject to an impairment test at least annually in order to ascertain whether there is any indication of impairment. This test requires the Directors to make subjective assessments based on the information available within the Company and from the market, as well as on historical experience; they also depend on factors that may vary over time, influencing the valuations and estimates made by the Directors. In addition, if it is determined that a potential impairment may have been generated, the Company proceeds to determine it using valuation techniques deemed appropriate.
- Provisions for risks: the identification of the existence or otherwise of a current obligation (legal or implicit) is not easy to determine in some circumstances. The Directors assess these phenomena on a case-by-case basis, together with the estimate of the amount of economic resources required to fulfil the obligation. When the Directors believe that the occurrence of a liability is only possible, the risks are indicated in the specific disclosure section on commitments and risks, without giving rise to any allocation.

- Valuation of closing inventories: the closing inventories of products with obsolescence or slow turnover characteristics are periodically subjected to valuation tests and written down if their recoverable value is lower than the book value. The write-downs made are based on assumptions and estimates by management deriving from its experience and from the historical results achieved.
- Pension plans and other post-employment benefits: The Company participates in pension plans and other post-employment benefits. Management uses multiple statistical assumptions and valuation factors with the aim of anticipating future events to calculate the charges, liabilities and assets relating to these plans. The assumptions concern the discount rate, the expected return on assets servicing the plan and rates of future salary increases. In addition, the Company's consulting actuaries also use subjective factors, such as mortality and resignation rates.
- Lease term: determined on the basis of the individual agreement and consisting of the "non-cancellable" period together with the effects of any extensions or early terminations the exercise of which was deemed reasonably certain and considering the terms of the contract itself. Specifically, for properties, this valuation considered the specific circumstances of each asset on a consistent basis with the Company's long-term plans. With regard to other categories of assets, the Company has generally considered it unlikely that any extension or early termination clauses would be exercised in consideration of the approach usually followed.
- Actualisation rate of leases falling under IFRS 16 (incremental borrowing rate): the Group cannot easily determine the implicit interest rate of the operating lease and therefore uses the incremental borrowing rate to measure the lease liability. The incremental borrowing rate is the interest rate that the lessee would have to pay for a loan, with a similar duration and with similar collateral, required to obtain an asset of similar value to the right-of-use asset in a similar economic context. The Company has estimated the incremental borrowing rate using observable data, such as, for example, market interest rates for the various durations of the lease agreements.
- Depreciation and amortisation of tangible and intangible assets and right-of-use assets, recognised on the basis of the estimate of their residual useful life and their recoverable value: the estimate of the useful lives, also with reference to any capital gains allocated at the time of business combinations, is made by management on the basis of generally applicable valuation practices, based on industry experience and knowledge, and is critically reviewed at each period end.
- Taxes: income taxes are recognised on the basis of the best estimate of the rate expected for the entire year. Deferred tax assets are recognised to the extent that it is probable that there will be a taxable profit in the future that will allow the utilisation of the losses. Significant estimation by management is required to determine the amount of tax assets that can be recognised based on the level of future taxable profits, the timing of their occurrence and the applicable tax planning strategies.

Measurement of the fair value

Various accounting standards and some disclosure obligations require the Company to measure the fair value of financial and non-financial assets and liabilities.

In measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. The fair values are divided into various hierarchical levels based on the input data used in the valuation techniques, as illustrated below.

Level 1: quoted prices (unadjusted) on active markets for identical assets or liabilities;

Level 2: input data other than the quoted prices referred to in Level 1 that are observable for the asset or liability, both directly (prices) and indirectly (derived from prices);

Level 3: input data relating to the asset or liability that are not based on observable market data.

If the input data used to measure the fair value of an asset or liability can be classified in the different levels of the fair value hierarchy, the entire measurement is included in the same hierarchy level as the lowest level input that it is significant for the entire assessment. The Company recognises the transfers between the various levels of the fair value hierarchy at the end of the period in which the transfer took place.

ACCOUNTING STANDARDS AND VALUATION CRITERIA APPLIED

Revenues

The Company is active in the market involved in the production and distribution of coffee and derivative, similar and complementary products, coffee machines, and food and ancillary products, in Italy and abroad, and the corresponding industrial activities.

Revenues from contracts with customers are recognised in accordance with IFRS 15.

Based on the five-step model introduced by IFRS 15, the Companies recognises revenues after identifying the contracts with its customers and the related services to be fulfilled (transfer of goods and/or services), determining the consideration to which it believes it is entitled in exchange for the fulfilment of each of these services, and evaluating the manner in which these services will be fulfilled.

The Company recognises revenues only when the requirements for identifying the "contract" with the customer are met and the parties have committed to fulfil their respective obligations and it is probable that the Company will receive the consideration to which it is entitled in exchange for the goods or services that will be transferred to the customer.

Revenues from sales of coffee are recognised when the control of the goods passes to the customer, generally at the time of delivery, for an amount that reflects the consideration that the Company expects to receive in exchange for the sale.

The Company considers whether there are other promises in the contract that represent obligations to perform on which a portion of the transaction consideration is to be allocated, such as in relation to customer loyalty programmes. In determining the price of the coffee sales transaction, the Company considers the effects of variable consideration and consideration to be paid to the customer.

If the consideration promised in the contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in return for transferring the goods to the customer.

The Company applies either the most probable amount method or the expected value method to estimate the variable consideration of the contract. The choice of the best method to use to predict the amount of variable consideration depends on the number of thresholds in the contract.

The measurement of consideration is adjusted for volume discounts on quantities sold, early payments with respect to normal payment terms, fees to be acknowledged to customers and customer loyalty programmes.

In particular, the Company recognises volume discounts on quantities sold to certain customers when the quantities of coffee purchased during the period exceed specific contractually defined thresholds, which adjust the related revenues; the Company also grants its customers discounts for early payment, with respect to the normal payment terms. These discounts, even when already contractualised and shown on the invoice, are not considered representative of a significant financial component and are accounted for as a reduction of the related revenues by applying the practical expedient of not taking financial components into account for short-term advances received from customers.

Revenues from the sale of coffee are also adjusted for fees to be paid to customers, including, for example, the conditional premiums for promotional services, contributions for dealing with their own contacts or contributions for marketing support and visibility activities, since the fair value of the service received from customers cannot be reliably estimated.

The Company has loyalty programmes that allow customers to accumulate points that can be redeemed for free with products, discounts or promotional codes. Loyalty points entail a separate obligation to perform as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers on the basis of the related stand-alone sales price and recognised as an obligation to perform as long as the points are used. Consequently, a reduction in sales revenue is estimated in the presence of a current contractual liability. Revenue is recognised when the products are redeemed by the customer.

In assessing the stand-alone price of loyalty points, the Company considers the probability that the customer will redeem the points. The Company updates its estimates of points that will be redeemed quarterly and any adjustments to the balance of contractual liabilities are posted to revenues.

Contractual liabilities

A contractual liability is an obligation to transfer to the customer goods or services for which the Company has already received payment (or for which a portion of the payment is due). If the customer pays the consideration before the Company has transferred control of the goods or services, the liability deriving from the contract is recognised when the payment is made or (if prior) when it is due.

Public grants

Public grants are recognised when it is reasonably certain that they will be received and that all conditions referring to them have been met.

Grants related to cost components are recognised as a reduction of the relevant cost item or are shown as income where not directly attributable to a specific cost item and are systematically allocated between periods so as to be commensurate with the recognition of the costs they are intended to offset. Grants related to an asset are spread on a straight-line basis over the expected useful life of the relevant asset.

Recognition of costs

Costs are recognised when related to goods and services purchased or consumed during the year or when no utility beyond the reporting period can be recognised.

Costs directly attributable to capital transactions are recognised as a direct reduction of shareholders' equity.

Commercial costs relating to the acquisition of new customers are charged to the income statement when incurred.

Financial income and expense

Financial income and expenses are recognised in the income statement on an accrual basis. Interest income and expense are recognised using the effective interest rate method. Dividend income is recognised when the Company's right to receive payment is established.

Income taxes and indirect taxation

The tax expense for the year includes current and deferred taxes recognised in profit/(loss) for the year, and the other revenue elements, with the exception of those relating to business combinations or items recognised directly in equity or other comprehensive income.

Interest and penalties relating to income taxes are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets as they do not meet the definition of income taxes governed by IAS 12.

Current tax assets and liabilities for the year are measured at the amount that is expected to be recovered or paid to the tax authorities by applying the rates and tax regulations in force or substantially approved at the reporting date in the countries where the Company operates and generates its taxable income.

Current taxes relating to items recognised directly under shareholders' equity are also recognised under shareholders' equity and not in the profit and loss statement for the year. Management periodically assesses the position adopted in the tax return in cases where tax rules are subject to interpretation in accordance with IFRIC 23 and, where appropriate, makes relative provisions.

Starting from 2005, the Company, acting as the consolidated company, together with Gruppo illy S.p.A. as consolidating company, implemented the national tax consolidation scheme option that enables IRES to be determined on a taxable base corresponding to the algebraic sum of the positive and negative taxable bases of the individual participating companies. Following the reorganisation of the Company illy S.p.A. in 2023, the option for the national tax consolidation regime was renewed with RAA S.p.A., which took over from the Gruppo Illy S.p.A. as consolidating company for the 2023-2026 three-year period.

Financial transactions, as well as the mutual responsibilities and obligations between the consolidating company and the consolidated companies are defined in the "Consolidation Regulation" for the Company. In the statement of financial position, current tax payables or receivables are posted respectively to the item "Other current liabilities" or "Other current assets", net of payments on account, taxes withheld and, in general, tax receivables, while in the income statement, current taxes are booked under the item "Income taxes for the year", for the portion due from the consolidated companies.

Any consolidation adjustments that generate benefits in the consolidated statement are recorded in the income statement under the item "Tax revenues from consolidated taxation", classified under the item "Income taxes for the year" with an offsetting entry in the balance sheet under "Other current assets". With regard to the transfer of

withholding taxes, IRES surpluses, as well as the advances autonomously paid by the consolidated companies, since this is a real sale of assets to the consolidated company, the companies of the Company recognise a receivable from the consolidating company.

Deferred and prepaid income taxes are calculated on the temporary differences between the values of the assets and liabilities (liability method) recognised in the financial statements and the corresponding values recognised for tax purposes, as well as in relation to the tax losses of previous years deductible from taxable income.

Deferred taxes are recognised on all taxable timing differences, with the following exceptions:

- deferred taxes arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit/loss nor the taxable income;
- temporary differences relating to investments in subsidiaries, associates and joint ventures to the extent that the Company is able to control the timing of reversal of the temporary differences and it is probable that, in the foreseeable future, the temporary difference will not reverse;
- the taxable temporary differences relating to the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses and tax receivables, as well as for deductible temporary differences, to the extent that it is probable that future taxable income will be available against which these assets can be used.

The value of deferred tax assets is reviewed at each period end and is reduced to the extent that it is no longer probable that sufficient tax profits will become available in the future for the use of all or part of said asset.

Unrecognised deferred tax assets are reviewed at each year-end date and are recognised to the extent that it becomes probable that future taxable income will be sufficient to allow recovery of these deferred tax assets.

Prepaid and deferred taxes are measured on the basis of the tax rates that are expected to be applied in the year in which those assets will be realised or those liabilities will be settled, considering the rates in force and those already issued, or essentially in force, at the balance sheet date in the various countries in which the Company operates.

Current and deferred taxes are charged or credited directly to equity if they relate to items charged directly to equity. Deferred tax assets and liabilities are not discounted.

Costs, revenues, assets and liabilities are recognised net of indirect taxes, such as value added tax, with the following exceptions:

- the tax applied to the purchase of goods or services is non-deductible, in which case it is recognised as part of the purchase cost of the asset or part of the cost recognised in the income statement;
- the trade receivables and payables include the applicable indirect tax.

The net amount of indirect taxes to be recovered or paid to the tax authorities is recorded in the financial statements under the item "Other current assets" or under "Other current liabilities".

Property, plant and equipment

Property, plant and equipment are recognised at purchase cost (including ancillary charges), if acquired separately, or at production cost (including direct and indirect production costs), if produced internally, or at fair value at the acquisition date if acquired through business combinations.

Property, plant and equipment are systematically depreciated (with the exception of the component relating to land and assets held for sale). The depreciation process takes place on a straight-line basis on the basis of rates deemed representative of the estimated useful life. The useful life and the depreciation criterion are periodically reviewed and if there are significant changes with respect to the assumptions adopted previously, the depreciation charge is adjusted on a prospective basis.

If an asset is composed of several components with different useful lives, these components (when significant) are accounted for separately and depreciated independently (so-called "component approach," in accordance with IAS 16).

Costs incurred for improvements, modernisation and transformation of an incremental nature of property, plant and equipment are recognised as assets only if they can be recovered through expected future economic benefits and can be reliably estimated. Ordinary maintenance expenses are charged to the income statement in the year in which they are incurred. Any decommissioning costs are estimated and added to the asset as a contra-entry to a provision for decommissioning costs. They are then depreciated over the residual duration of the useful life of the asset of reference.

The Company grants professional coffee equipment free of charge to its customers. This equipment is recognised at purchase cost and systematically depreciated on a straight-line basis at rates deemed representative of its useful life.

The depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Description	Depreciation rate	Years of depreciation
Properties:		
Industrial buildings	3.00%	34
Plant and machinery:		
- Generic and specific plants	12.50%	9
Specific spare parts for plant and machinery	based on the useful life of the main asset	based on the useful life of the main asset
Industrial and commercial equipment:		
Coffee equipment	25.00%-20.00%	5-6
-Internal means of transport	20.00%	6
Printing equipment	40.00%-20.00%	3-6
Other assets:		
Electronic equipment	20.00%	6
-"Concept Bar" furniture	12.00%	9
-Ordinary office equipment	12.00%	9
Motor vehicles	25.00%	5
Light constructions	10.00%	11
-Staging for trade shows and events	27.00%	5
Laboratory fittings	40.00%-20.00%	3-6
-Equipment of modest value	100.00%	1
- Packaging	40.00%	3

Assets held for sale (in accordance with the provisions of IFRS 5) are classified separately under non-current assets held for sale and are no longer depreciated, but written down if their fair value is lower than the cost recognised in the financial statements.
The book value of an asset is derecognised upon disposal or when no future economic benefit is expected from its use or disposal. The gain/loss that emerges at the time of derecognition of the asset (calculated as the difference between the net book value of the asset and the consideration received) is recognised in the income statement when the item is derecognised.

Assets are assessed for impairment indicators to identify any impairment losses.

Leases

At the time of signing a contract, the Company assesses whether it is, or contains, a lease. In other words, whether the contract confers the right to control the use of an identified asset for a period of time in exchange for a fee. The Company adopts a single recognition and measurement model for all leases, except for short-term leases and leases involving low-value assets.

At the commencement date of a lease agreement, the Company recognises an asset consisting of the right of use of the underlying asset (right-of-use asset) and a liability relating to the lease payments. Specifically:

- it accounts for a right of use on the lease commencement date (i.e. the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated amortisation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets comprises the amount of recognised lease liabilities, initial direct costs incurred and lease payments made at the commencement date or prior to commencement net of any incentives received. Right-of-use assets are amortised on a straight-line basis from the commencement date to the end of the useful life of the asset consisting of the right of use. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease or if the cost of the right-of-use asset reflects the fact that the lessee will exercise the purchase option, the lessee shall amortise the right-of-use asset from the commencement date until the end of the useful life of the underlying asset. Right-of-use assets are subject to impairment. Leasing activities are presented under the item "Right-of-use assets";

- a financial liability is accounted on the commencement date of the lease. The Company recognises lease liabilities by measuring them at the current value of the lease payments due but not yet paid at that date. Lease payments due include fixed payments (including fixed payments in essence) net of any lease incentives receivable, floating lease payments that depend on an index or rate, and amounts expected to be paid as security for the residual value. Lease payments also include the exercise price of a purchase option, if it is reasonably certain that such an option will be exercised by the Company, and lease termination penalty payments, if the lease duration takes into account the Company's exercise of its lease termination option. Floating lease payments that are not index- or rate-dependent are recognised as costs in the period in which the event or condition giving rise to the payment occurs. In calculating the present value of payments due, the Company uses the marginal borrowing rate at the start date if the implied interest rate cannot be easily determined. After the commencement date, the amount of the lease liability increases to reflect interest on the lease liability and decreases to reflect payments made. In addition, the book value of the lease liability is restated in the event of any changes to the lease or for the review of the contractual terms for the change in payments; it is also restated for changes in the valuation of the option to purchase the underlying asset or for changes in future payments resulting from a change in the index or rate used to determine those payments. Liabilities for operating leases are presented separately, distinguishing between current and non-current; liabilities for financial leases are presented under financial liabilities - payables for loans due to other providers of finance. The Company applies the exemption for the recognition of leases relating to low-value assets such as computers, telephones and tablets, printers and electronic equipment, and to contracts with a duration of 12 months or less that do not contain purchase options (short-term leases). Fees relating to short-term leases and leases of low-value assets are recognised as costs on a straight-line basis over the lease duration.
  As required by the standard, the Company has adopted certain elements of professional judgement and the use of assumptions and estimates in relation to lease terms, and the definition of the incremental borrowing rate. The main ones are summarised below:
- renewal clauses, extension options and early termination of contracts are taken into account in determining the term of the contract when their exercise is deemed reasonably certain, i.e. when the Company has the right to exercise them without the need to obtain the consent of the counterparty;
- incremental borrowing rate: the Company has decided to use the incremental borrowing rate as the discount rate for discounting lease payments. This rate consists of the risk free rate adjusted on the basis of three different credit spreads of the Company, determined on the basis of three different loans taken out by the same, at different times and with different durations.

First application of IFRS 16

In accordance with IFRS 1 requirements in situations where the parent company applies IAS/IFRS to its separate financial statements for the first time after having prepared the consolidated financial statements in accordance with them, the Company has recognised the right-of-use assets and the related financial liabilities on the basis of the amounts already determined for the purposes of its consolidated financial statements, where IFRS 16 (1 January 2020) was applied retrospectively on first-time application (modified retrospective method). For further details, please refer to Annex "Transition to IFRS international accounting standards."

Intangible assets and goodwill

Intangible assets are resources that are clearly identifiable and controllable by the Company, from which future economic benefits are expected for the Company. They are recognised at purchase cost if acquired separately, and are capitalised at fair value at the acquisition date if acquired through business combinations. Internally generated intangible assets, with the exception of development costs that meet specific requirements as defined in IAS 38, are not capitalised and are recognised in the income statement for the year in which they are incurred.

Both the useful life and the amortisation criterion are reviewed periodically and, if significant changes are found with respect to the assumptions previously adopted, the amortisation charge for the year and subsequent years is adjusted.

Intangible assets with a definite useful life are amortised over their useful life and are tested for impairment whenever there are indications of possible impairment. Amortisation begins when the asset is available for use and ceases when its useful life ends or it is classified as held for sale (or included in a disposal group classified as held for sale). Both the useful life and the amortisation criterion of an intangible asset with a finite useful life are reviewed periodically (at least at the end of each year) and, if significant changes are found with respect to the assumptions previously adopted, the amortisation charge for the year and subsequent years is adjusted.

Amortisation charges for intangible assets with a definite useful life are recognised in the statement of profit or loss for the year in the cost category consistent with the function of the intangible asset.

The amortisation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Description	Amortisation rate	Years of amortisation
Development costs	20.00%-33.334%	5-3
Patent rights	10.00%-20.00%	10-5
Rights of use of intellectual property, designs and Internet domains	50.00%-10.00%-20.00%	2-5-10
Concessions, licences, trademarks and similar rights	20.00%-10.00%	5-10
Other intangible assets	50.00%-33.33%-25.00%	2-3-4
	20.00%-16.66%-14.28%-12.5%	5-6-7-8
	11.12%-10.00%-8.34%-7.69%	9-10-12-13
	9.09%-7.14%-6.66%-3.03%	11-14-15-33

Goodwill and fixed assets with an indefinite useful life are not subject to amortisation, but rather to periodic tests (at least annually) to identify any impairment losses (so-called "impairment test").
If the recoverable value is lower than the carrying amount, the recognised asset is appropriately written down.

The assessment of the indefinite useful life is reviewed annually to determine whether this designation continues to be sustainable, otherwise, the change from indefinite to definite useful life is applied on a forward-looking basis.

Costs for research activities

Costs for research activities are charged to the income statement for the year in which they are incurred.
Development costs incurred in connection with a specific project are recognised as intangible assets only if:

- the project is clearly identified and the related costs are identifiable and reliably measurable;
- the technical feasibility of the project is demonstrated;
- the intention to complete the project and to sell the assets generated by the project has been demonstrated;
- there is a potential market or, in the case of internal use, the usefulness of the intangible asset for the production of the assets generated by the project is demonstrated;
- the technical and financial resources necessary for the completion of the project are available;
- the intangible asset will generate probable future economic benefits.

After initial recognition, the development activities are measured at cost reduced by the amortisation or the accumulated impairment losses. The amortization of assets begins when development is complete and the asset is available for use. Development activities are amortised over the period of the expected benefits, normally identified as a period of up to 5 years. During the development period, the asset is subject to an annual impairment test.

Loss in value (impairment) on non-financial assets

At each reporting date, the Company assesses whether there are any indicators of impairment of non-financial assets.

In the case of goodwill, other intangible assets with an indefinite useful life and intangible assets not yet available for use, this assessment is made at least annually, even in the absence of impairment indicators. In the case of property, plant and equipment as well as equity investments and intangible assets with a finite useful life, the measurement of the recoverable value is carried out whenever the periodic analysis carried out at each reporting date shows trigger events.

The recoverability of the values recorded is verified by comparing the book value recorded in the financial statements with the higher of the fair value of the asset or cash-generating unit, net of disposal costs, and its value in use. If the book value of an asset is greater than its recoverable value, that asset has suffered an impairment loss and is consequently written down to its recoverable value.

Fair value is the price that could be received to sell an asset or pay to transfer a liability in an ordinary transaction between market participants at the measurement date. Therefore, recent transactions on the market are taken into account. If it is not possible to identify such transactions, an appropriate valuation model is used.

The value in use is determined with reference to the present value of estimated future cash flows, which are assumed to result from the continuous use of an asset and its disposal at the end of its useful life, discounted by applying a post-tax discount rate that reflects the current market valuations of the present value of money and the specific risks associated with the asset. If an individual asset does not produce independent cash flows, it is not possible to determine its value in use: in this case, it will be estimated with reference to the cash-generating unit to which the asset belongs.

The Company bases its impairment test on the most recent and up-to-date forecast estimates drawn up and approved by the Finance Department. These forecast estimates generally cover a period of four to five years. To project future cash flows beyond the fourth or fifth year, a long-term growth rate is calculated (so-called "g rate"). The expected future cash flows are therefore discounted (Discounted Cash Flows method) at the Weighted Average Cost of Capital (WACC).

Impairment losses are recognised in the income statement when the book value of the asset is higher than the recoverable value.

With the exception of goodwill, for which impairment losses cannot be reversed, the book value of the asset is increased to the recoverable value when an impairment loss is reversed or is reduced. The value of a previously impaired asset may be reinstated only if there have been changes in the assumptions on which the calculation of the determined recoverable value was based, subsequent to the recognition of the last impairment loss. However, the increased book value of an asset due to a reversal of an impairment loss does not exceed the book value that would have been determined, net of depreciation and amortisation, had no impairment loss been recognised in prior years. Reversals of an asset's value are recognised immediately as income in the income statement unless the asset is recorded at revalued value, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment at least annually, or more frequently if circumstances indicate that the book value may be impaired.

Goodwill impairment is determined by assessing the recoverable value of the cash-generating unit or of the Company of cash-generating units (CGUs) to which the goodwill relates. If the recoverable value of the cash-generating unit is lower than the book value of the cash-generating unit to which the goodwill was allocated, an impairment loss is recognised. Impairment losses of a cash-generating unit or group of cash-generating units are charged firstly as a reduction in the book value of any goodwill allocated to it and then as a reduction in the book values of other assets, in proportion to their book value.

Equity investments in subsidiaries

Subsidiary entities are companies over which the Company has the right to exercise, directly or indirectly, control, as defined by IFRS 10 "Consolidated Financial Statements." In particular, control exists when the controlling entity simultaneously:

• holds decision-making power over the investee entity;

• has the right to participate or is exposed to variable results (positive and negative) from the investee;

• has the ability to exercise power over the investee in a way that affects the amount of its economic returns.

Evidence of control must be subject to continuous verification by the Company, aimed at identifying all facts or circumstances that may imply a variation in one or more elements on which the existence of a control relationship over an investee depends.

Investments in subsidiaries, joint ventures and associates are valued at purchase cost; in the event of acquisition of control in successive phases of an investment in an associate or joint venture, the carrying amount of the investment is determined as the sum of the cost incurred in each purchase tranche.

In the presence of objective evidence of impairment, the recoverability of the carrying amount is verified by comparing the carrying amount with the recoverable amount, represented by the higher of the fair value (net of disposal costs) and the value in use. The share of any losses of the investee company attributable to the investor, exceeding the carrying amount of the investment, is recorded in a specific provision to the extent that the investor is committed to fulfilling legal or implicit obligations of the investee company, or in any case, to covering its losses. When the reasons for the write-downs made no longer exist, the carrying value of the investments valued at cost is restored within the limits of the write-downs made with the effect being charged to the income statement under the item "Other income (expenses) on financial assets."

Dividends are recognised on the date of the resolution by the Shareholders' Meeting, unless the sale of the shares before the ex-dividend date is reasonably certain. Dividends declared by subsidiaries or joint ventures are charged to the income statement when approved by resolution, even if they derive from the distribution of profit reserves generated prior to the acquisition of the shareholding.

The distribution of such profit reserves represents an event that gives rise to the presumption of a loss of value and, therefore, entails the need to verify the recoverability of the carrying amount of the investment. Conversely, the distribution of a capital reserve represents a repayment of capital, without any economic effects.

Financial instruments

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

The financial instruments held by the Company are included in the following financial statements items:

- "Non-current financial assets": these include non-current receivables and loans and investments other companies;
- "Current financial assets": these include trade receivables, receivables from loan activities, current securities and other current financial assets (including the positive fair value of derivative financial instruments);
- "Cash and cash equivalents": these include bank deposits, units of liquidity funds and other highly marketable securities that can be readily converted into cash and are subject to an insignificant risk of change in value;
- "Financial liabilities": these refer to financial payables, other financial liabilities, the negative fair value of derivative financial instruments, trade payables and other payables.

Financial assets

Recognition, initial measurement and measurement

Upon initial recognition, financial assets are classified, as appropriate, according to subsequent measurement methods, i.e. at amortised cost, at fair value in the other components of comprehensive income (OCI) and at fair value in the income statement.

The classification of financial assets at the time of initial recognition depends not only on the nature of the instrument, but also on the contractual cash flow characteristics of the financial assets and the business model the Company uses to manage them. With the exception of trade receivables, the Company initially values a financial asset at its fair value plus any transaction costs.

Upon initial recognition, trade receivables, which do not contain a significant financing component, are measured at the transaction price determined in accordance with IFRS 15.

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

- Financial assets at amortised cost (debt instruments);
- Financial assets measured at fair value through other comprehensive income;
- Financial assets measured at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

The Company measures the financial assets at amortised cost if both the following requirements are met:

- the financial asset is held as part of a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset envisage cash flows at certain dates consisting solely of payments of principal and interest on the principal amount to be repaid.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or revalued.

Financial assets measured at fair value through other comprehensive income

A financial asset must be measured at fair value through other comprehensive income if it is not designated at fair value through profit or loss and both of the following conditions are met:

- the financial asset is held as part of a business model whose objective is achieved both through the collection of contractual cash flows and through the sale of financial assets; and
- the contractual terms of the financial asset envisage cash flows at certain dates consisting solely of payments of principal and interest on the principal amount to be repaid.

These assets are initially recognised in the financial statements at their fair value plus any ancillary costs directly attributable to the transactions that generated them. At the time of subsequent measurement, the valuation carried out at the time of recognition is updated and any changes in fair value are recognised in the statement of comprehensive income.

Financial assets measured at fair value recognised in the income statement

Financial assets that are not classified in any of the previous categories are classified in this category.

Assets falling into this category are recognised at fair value through profit or loss both at the time of their initial recognition and at the time of subsequent measurement as profits or losses deriving from the change in fair value.

Removal from the financial statements

A financial asset or, where applicable, part of a financial asset or part of a group of similar financial assets, is derecognised in the first instance, i.e. removed from the Company's statement of financial position, when:

- the rights to receive cash flows from the asset are extinguished;
- the Company has transferred to a third party the right to receive cash flows from the asset or has assumed a contractual obligation to pay them in full and without delay and (a) has essentially transferred all risks and benefits of ownership of the financial asset, or (b) has neither transferred nor retained essentially all risks and benefits of the asset, but has transferred control of it.

In cases where the Company has transferred the rights to receive cash flows from an asset or has entered into an agreement whereby it retains the contractual rights to receive the cash flows from the financial asset, but undertakes a contractual obligation to pay the cash flows to one or more recipients (so-called pass-through), it assesses whether and to what extent it has retained the risks and benefits inherent in ownership. If it has neither transferred nor retained essentially all of the risks and benefits or has not lost control over it, the asset continues to be recognised in the Company's financial statements to the extent of its continuing involvement in the asset. In this case, the Company also recognises an associated liability. The transferred asset and associated liability are measured to reflect the rights and obligations that remain with the Company.

When the entity's residual involvement is a guarantee on the transferred asset, the involvement is measured at the amount of the asset or the maximum amount of consideration received that the entity could be required to repay, whichever is the lower.

Losses in value on financial assets

The Company recognises a write-down for expected losses (so-called expected credit loss) for all financial assets represented by debt instruments not held at fair value recognised in the income statement. Expected losses are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows the Company expects to receive, discounted back to an approximation of the original effective interest rate. Expected cash flows include cash flows arising from the enforcement of secured guarantees held or other credit guarantees that are an integral part of the contractual terms.

With regard to trade receivables and assets, the Company applies a simplified approach in the calculation of the expected losses, therefore it does not monitor changes in credit risk, but recognises the expected loss in full at each balance sheet date. The Company has defined a matrix system based on historical and market information, revised to consider forward-looking elements with reference to specific types of debtors and their economic environment, as an instrument for determining expected losses.

Financial liabilities

Recognition, initial and subsequent measurement

The Company's financial liabilities include mortgages, loans, derivative financial instruments, and bond issues. Financial liabilities are classified, at the time of initial recognition, under mortgages and loans, or as derivative instruments designated as hedging instruments. There are no financial liabilities at fair value recognised in the income statement, including therein derivative financial instruments entered into by the Company that are not designated as hedging instruments in a hedging relationship as defined by IFRS 9.

All financial liabilities are initially recognised at fair value plus, in the case of mortgages, loans and payables, directly attributable transaction costs. Subsequently, since they are loans and financing, they are measured at amortised cost. The value of the payables is subsequently reduced for the amounts paid, both as principal and interest.

Financial liabilities at amortised cost (loans and financing)

After initial recognition, loans are measured using the amortised cost approach, applying the effective interest rate method.

With regard to the change in the contractual terms of a financial liability, the Company assesses when such a change can be considered "substantial," thus giving rise to an accounting derecognition of the financial liability. If the change is not substantial in nature ("modification"), the financial liability is not extinguished and the Company recognises the profit or loss deriving from this change in the income statement. In the case of instruments maturing within twelve months, the nominal value is used as an approximation of the amortised cost.

It follows that if the interest rate of the transaction is not significantly different from the market rate, the payable is initially recorded at a nominal value net of all transaction costs and all premiums, discounts and rebates directly derived from the transaction that generated the payable. These transaction costs, as ancillary costs for obtaining the loans, any commission and any difference between the initial value and the nominal value at maturity are spread over the duration of the payables using the effective interest approach.

On the other hand, when it appears that the interest rate of the transaction based on contractual conditions is significantly different from the market rate, the payables (in addition to the corresponding cost in the case of commercial transactions) is initially recognised at a value equal to the present value of future cash flows taking into account any transaction costs. The rate used to discount future flows is the market rate.

Amortised cost is calculated by recognising the discount or premium on the acquisition and the fees or costs that form part of the effective interest rate. Amortisation at the effective interest rate is included in financial expense in the statement of profit/loss.

Removal from the financial statements

A financial liability is derecognised when the obligation underlying the liability is extinguished, cancelled or discharged. Where an existing financial liability is exchanged for another financial liability of the same lender under substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability from the accounts, accompanied by the recognition of a new liability, with any differences between the book values recognised in the income statement.

Derivative financial instruments and hedge accounting

Recognition, initial and subsequent measurement

The Company uses derivative financial instruments including currency forwards, interest rate swaps, commodity swap transactions and options to purchase commodities to hedge its exchange rate risks, interest rate risks and the price risks in relation to the raw material green coffee or washed coffee, respectively. The Company's policy is to use these instruments within the limits defined by the needs of ordinary operations, and not to take on positions for speculative purposes.

For the purposes of accounting for these derivative financial instruments, the Company adopts the provisions of IFRS 9.

The documentation that formalises the hedging relationship to which hedge accounting is to be applied includes the identification of:

- the hedging instrument;
- the hedged item or transaction;
- the nature of the risk;
- the methods with which the company intends to assess the effectiveness of the hedge in offsetting the exposure to changes in fair value of the hedged item or the cash flows attributable to the hedged risk.

The hedging relationship meets the eligibility criteria for hedge accounting if:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of the credit risk does not override the changes in value resulting from the aforementioned economic relationship;
- a ratio of coverage is determined equal to the ratio between the quantities of derivative financial instruments used and the quantity of items hedged to an extent that does not entail ex ante the ineffectiveness of the hedge.

The verification of the economic relationship is carried out qualitatively, verifying that the supporting elements of the covering instrument and the covered element are corresponding or closely aligned, and in a quantitative manner.

On initial recognition, these instruments are measured at fair value. At subsequent reporting dates, the fair value of derivatives must be remeasured and:

(i) if these instruments do not meet the requirements for hedge accounting, the changes in fair value that arise after initial recognition are charged to the income statement;

(ii) if these instruments meet the requirements of a fair value hedge, from that date the changes in fair value of the derivative are recognised in the income statement; at the same time, changes in fair value due to the hedged risk are recognised as an adjustment to the book value of the hedged item and, as a balancing entry, to the income statement; any ineffectiveness of the hedge is recognised in the income statement, in a separate item from that in which the changes in fair value of the hedging instrument and the hedged item are classified;

(iii) if these instruments meet the requirements of a cash flow hedge, starting from that date, the changes in fair value of the derivative are recognised in equity limited to the effective portion of the hedge and in the income statement for the ineffective portion; the changes in fair value of the derivative recognised in equity are reclassified to the income statement in the period in which the hedged transaction affects the income statement; when the object of the hedge is the purchase of a non-financial asset, the changes in fair value of the derivative recognised in equity are reclassified as an adjustment to the purchase cost of the hedged asset;

(iv) if these instruments meet the requirements of a hedge of a net investment of a foreign operation, starting from that date the changes in fair value of the derivative adjust the "translation difference" limited to the effective portion of the hedge and are allocated to the income statement for the ineffective portion;

(v) hedging is carried out by the designated instrument, considered as a unit. In the case of options or forward contracts, however, only a part of the derivative is designated as a hedging instrument; the residual component is charged to the income statement. In particular, in the case of options, only changes in fair value due to changes in intrinsic value are designated as hedging instruments; on the other hand, changes in fair value of the option due to changes in time value are recognised in the income statement and are not considered in the measurement of the effectiveness of the hedge. In the case of forward contracts, only changes in fair value due to changes in the spot rate are designated as a hedging instrument; on the other hand, changes in fair value due to changes in forward points are recognised in the income statement and are not considered in the measurement of the effectiveness of the hedge.

If the hedge becomes ineffective or if there is a change in the Company's hedging strategies, hedge accounting is discontinued. Specifically, hedge accounting stops, with prospective effects, when hedging becomes ineffective or when the change in hedging strategies occurs.

If, in a fair value hedge, the hedged item is a financial instrument measured using the effective interest rate method, the adjustments made to the book value of the hedged item are amortised starting from the date on which the fair value hedge accounting is discontinued and therefore the hedged item ceases to be adjusted for changes in fair value attributable to the hedged risk.

Transactions hedging exchange rate risk due to forecasted transactions and firm commitments are recognised in the financial statements according to the cash-flow hedge accounting model.

Derivatives are recognised as assets if the fair value is positive and as liabilities if negative. These balances are shown under current assets or liabilities if they relate to derivatives that do not meet the hedging requirements, while they are classified in line with the hedged item in the other cases.

In particular, if the hedged item is classified under current assets or liabilities, the positive or negative fair value of the hedging instrument is shown under current assets or liabilities; if the hedged item is classified under non-current assets or liabilities, the positive or negative fair value of the hedging instrument is shown under non-current assets or liabilities.

Inventories

Inventories are measured at the lower of purchase or production cost and the net estimated realisable value based on market trends. For raw materials, the acquisition cost is determined using the weighted average cost.

For finished products and goods, the purchase or production cost is determined on the basis of the weighted average costs for the year, including ancillary purchase costs and direct and indirect production costs for the reasonably attributable part.

Obsolete and slow-moving stocks are written down in relation to their possibility of use or sale.

Cash and cash equivalents

Cash and cash equivalents includes liquid financial assets and financial investments with a residual maturity at the date of purchase of less than three months and subject to an insignificant risk of change in their value. The aforementioned financial assets are recognised at their nominal value.

Provisions for risks and charges

Provisions for risks and charges concern costs and charges of a determined nature and of certain or probable existence that at the year-end date cannot be determined with certainty in terms of amount or date of occurrence.

Provisions are recognised when the following conditions are met:

(i) the Company has a current legal or implied obligation arising from a past event;

(ii) it is probable that the fulfilment of the obligation will require the use of resources likely to produce economic benefits;

(iii) the amount of the obligation can be reliably estimated.

The amount allocated in the financial statements represents the best estimate of the amount that the company would rationally pay to settle the obligation or to transfer it to third parties at the reporting date.

When the financial effect of time is significant and the settlement dates of obligations can be reliably estimated, the provision is discounted; when the provision is discounted, the increase in the provision related to the passage of time is charged to the income statement as a financial expense.

Employee benefits

Short-term employee benefits are recognised as an expense when the service that gives rise to these benefits is provided.

The Company recognises a liability for the amount that is expected to be paid when it has a current, legal or implied obligation to make such payments as a result of past events and it is possible to make a reliable estimate of the obligation.

Post-employment benefits are defined on the basis of plans, albeit not formalised, which according to their characteristics are divided into defined contribution plans and defined benefit plans.

In defined contribution plans, the obligation of the company is limited to the payment of the contributions agreed with the employees and is determined on the basis of the contributions due at the end of the period, less any amounts already paid.

In defined benefit plans, the amount recognised as a liability is equal to:

(a) the present value of the defined benefit obligation at the reporting date;

(b) plus any actuarial gains (less any actuarial losses);

(c) less any social security costs relating to past service not yet recognised;

(d) less the fair value at the reporting date of the assets serving the plan (if any) outside of which the obligations must be extinguished directly.

In defined benefit plans, the cost charged to the income statement is equal to the algebraic sum of the following elements:

(a) the social security cost relating to current services;

(b) financial expense deriving from the increase in liabilities as a result of the passage of time;

(c) the expected return on any assets serving the plan;

(d) the social security cost relating to past services;

(e) the effect of any reductions or terminations of the programme.

Actuarial gains and losses are recognised in other comprehensive income.

All net financial expenses on defined benefit plans are recognised under financial income (expense) in the income statement.

Share-based payments

The Company pays some members of senior management and other beneficiaries who hold key positions in the Company incentives consisting of share capital plans.

The value of these share-based payments is measured by reference to the fair value at the assignment date (so-called "grant date"). Fair value is determined using an appropriate valuation model.

The cost of transactions settled with securities, together with the corresponding increase in shareholders' equity, is recognised in the period starting from the moment in which the conditions relating to the achievement of objectives and/or the provision of the service are met and ends on the date on which the employees concerned have fully accrued the right to receive the remuneration ("vesting date").

The cumulative costs recognised for these transactions at each year-end date until the vesting date are commensurate with the expiry of the vesting period and the best available estimate of the number of equity instruments that will actually vest. The cost or revenue in the income statement represents the change in the cumulative cost recognised at the beginning and end of the period.

Assets and liabilities held for sale

Assets and liabilities held for sale include, respectively, non-current assets (or groups of assets held for sale) and the associated liabilities, the sale of which is highly probable within one year according to a specific plan and the book value of which will therefore be recovered primarily through a sale transaction rather than through continued use. These items are measured at the lower of the net book value at which these assets and liabilities were recognised and the fair value less foreseeable costs of disposal. From the date on which these assets are classified in the category of non-current assets held for sale, the related amortisation/depreciation is suspended. Any losses deriving from this valuation are recognised in a specific item of the income statement.

CHANGE IN ACCOUNTING STANDARDS AND DISCLOSURE

New accounting standards, interpretations and amendments adopted by the Company

The Company has not adopted any other standards, interpretations or amendments in advance that have been issued but are not yet effective.

IFRS standards/Interpretations approved by the IASB and endorsed by the European Union

The following table shows the IFRS/Interpretations approved by the IASB and endorsed for adoption in the European Union and applied for the first time in the current year.

Document title	Issue date	Date of entry into force	Approval date	EU Regulation and publication date
Lease liabilities in a sale and leaseback transaction (Amendments to IFRS 16)	September 2022	1 January 2024	20/11/2023	(EU) 2023/2579 21/11/2023
Classification of liabilities as current or non-current (Amendments to IAS 1) and Non-current liabilities with clauses (Amendments to IAS 1)	July 2020	1 January 2024	19/12/2023	(EU) 2023/2822
	October 2022			20/12/2023
Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 9)	May 2023	1 January 2024	15/05/2024	(EU) 2024/1317 16/05/2024

The amendments to IAS 1, which apply retrospectively, clarify the requirements for determining whether a liability should be classified as current or non-current and require new financial statement disclosures for non-current liabilities that include clauses (covenants) that must be met within 12 months of the reporting period.
The amendments to IFRS 16 concern the definitions of liabilities deriving from the leaseback and the recognition of any gains or losses deriving from the transaction.

The amendments to IAS 7 and IFRS 9 have introduced new disclosure requirements with respect to supplier finance agreements.

With reference to the standards and interpretations detailed above, the adoption did not have a material impact on the measurement of the Company's assets, liabilities, costs and revenues.

The following table shows the IFRS/Interpretations approved by the IASB and endorsed for adoption in the European Union the mandatory effective date of which is after 31 December 2024.

Document title	Issue date	Date of entry into force	Approval date	EU Regulation and publication date
Lack of Exchangeability (Amendment to IAS 21)	August 2023	1 January 2025	12/11/2023	(EU) 2024/2862 13/11/2024

The amendments to IAS 21 aim to clarify when a currency is exchangeable for another currency and how to estimate the spot exchange rate of a currency when there is a lack of exchangeability.

With reference to the standards and interpretations detailed above, the adoption is not expected to have a material impact on the measurement of the Company's assets, liabilities, costs and revenues.

Forthcoming accounting standards and interpretations

IFRS standards/Interpretations approved by the IASB and not endorsed by the European Union

Below are the international accounting standards, interpretations, amendments to existing accounting standards and interpretations, or specific provisions contained in the standards and interpretations approved by the IASB that have not yet been endorsed for adoption in the European Union at 31 December 2024.

Description	Issue date by the IASB	Date of entry into force of the IASB document	Envisaged approval date by the EU
Standards			
IFRS 18 Presentation and disclosure in financial statements	09/04/2024	1 January 2027	to be defined
IFRS 19 Subsidiaries without public accountability: disclosures	09/05/2024	1 January 2027	to be defined
Amendments			
Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7)	30/05/2024	1 January 2026	to be defined
Annual improvements – Volume 11 (Amendments to IAS 7 and IFRS 1, 7, 9, 10	18/07/2024	1 January 2026	to be defined
Contracts referencing nature-dependent electricity (Amendments to IFRS 9 and IFRS 7)	18/12/2024	1 January 2026	to be defined

With reference to the standards and interpretations detailed above, the adoption is not expected to have a material impact on the measurement of the Company's assets, liabilities, costs and revenues. However, based on a preliminary analysis of the new requirements contained in IFRS 18, the Company expects that its implementation will mainly determine changes to the classification methods of certain cost and revenue components as well as to the presentation method of the income statement and the cash flow statement. These impacts are still being analysed by the Company.

Foreign currency transactions, assets and liabilities

The assets and liabilities deriving from a foreign currency transaction are initially recognised in euros, applying to the amount in foreign currency the spot exchange rate between the Euro and the foreign currency in force as of the transaction date.

The foreign currency monetary items, including provisions for risks and charges associated with foreign currency liabilities, are converted in the financial statements at the spot exchange rate as of the year end date. The related exchange gains and losses are booked to the income statement for the year.

The foreign currency assets and liabilities of a non-monetary nature remain recorded in the balance sheet at the exchange rate as of the time of their acquisition and therefore the positive or negative exchange differences do not give rise to autonomous and separate recognition.

Any net gain deriving from the exchange adjustment of the foreign currency monetary items contributes towards the formation of the result for the year and, at the time of the approval of the financial statements and consequent allocation of the result to the legal reserve, is recorded in a specific restricted reserve. If the net result for the year is less than the unrealised gain on foreign currency items, the amount entered in the restricted reserve is equal to the economic result for the year.

If foreign currency-denominated items are designated as hedged items or hedging instruments in a hedging relationship, the accounting models described under "Derivative financial instruments" apply.

Commitments, guarantees, potential liabilities and potential assets

The total amount of the commitments, guarantees and potential liabilities not appearing on the balance sheet is shown in the specific sections of these notes.

Commitments represent obligations undertaken by the Company vis-à-vis third parties that originate from legal transactions with certain binding effects, but which are not yet performed by either party. The category commitments includes both commitments of which the execution and amount are certain and commitments of which the execution is certain but not the related amount. The amount of the commitments is the nominal value which is inferred from the related documentation. If the commitment cannot be quantified, this is disclosed in the notes to the accounts.

The guarantees include both secured and unsecured guarantees provided by the Company. These guarantees are those given by the Company with reference to an obligation of its own or of others. The related value corresponds to the value of the guarantee given or, if not determined, to the best estimate of the risk undertaken in light of the situation existing at that time.

Potential liabilities not shown on the balance sheet include those considered probable, but whose amount cannot be determined except on a random and arbitrary basis, and those considered possible. Likewise, the appropriate section indicates the potential assets and profits deemed probable that have not been recognised in the financial statements for the sake of prudence.

Use of estimates

The preparation of the financial statements requires that estimates be made that affect the values of assets and liabilities and the related financial statement disclosures. The final results may differ from such estimates. Estimates are reviewed periodically as well as the effects of the changes in estimates, when not resulting from erroneous estimates, are recognised in the income statement for the year in which the changes occur, should the same have effects only on such year, and also in following years should the changes influence both the current and following years.

Events after the end of the year

Events occurring after the end of the year that highlight conditions that already existed at the balance sheet date and that require changes to the values of assets and liabilities, in accordance with the relevant accounting standard, are recognised in the financial statements, in accordance with the accrual basis of accounting, to reflect the effect that these events have on the balance sheet and financial position and on the results of operations at the end of the year.

Events occurring after the end of the year that indicate situations arising after the date of the financial statements, which do not require a change in the financial statement values, in accordance with the reference accounting standard, as they pertain to the following financial year, are not recognised in the financial statements but are illustrated in the notes to the accounts, if they are considered relevant for a more complete understanding of the company's situation.

The deadline by which the event must occur for it to be taken into account is the date on which the Directors prepared the draft financial statements, except in cases where events occur between that date and the date scheduled for the approval of the financial statements by the shareholders' meeting that are likely to have a material effect on the financial statements.

Market and competition law (Italian Law no. 124, art. 1, paragraph 125 of 4 August 2017)

In compliance with the reporting obligation as per paragraph 125 of art. 1 of Italian Law 124/2017, the grants and subsidies received are summarized below:

Name and Tax Number of the Recipient	Name of the Granting Body	Sum Received	Date Received	Reason
illycaffè S.p.A. - 00055180327	European Commission	33,583	25/10/2024	Horizon-CL4-2021-TWIN-TRANSITION-01 ZDZW p.n.101057404
illycaffè S.p.A. - 00055180327	European Commission	119,728	27.09.24	Horizon-CL6-2021-BIODIV-01-HORIZON-RIA p.n.101060393
illycaffè S.p.A. - 00055180327	Fondimpresa	25,254	02/12/2024	Training plan no. 374385
TOTAL		**178,565**		

FINANCIAL RISK MANAGEMENT CRITERIA AND OBJECTIVES

The Company constantly monitors its exposure to financial risks with the aim of stabilizing cash flows and ensuring the alignment of the operating result with what was planned in the budget.

These risks are managed centrally by the Administration, Finance and Control Department, based on the guidelines agreed with senior management. In particular, market risk management with regard to raw materials, exchange rates and interest rates is regulated by a Group policy approved in February 2017 and updated at the end of 2021, which defines the perimeter of exposure, the time horizon, the roles and responsibilities as well as the derivative instruments allowed for hedging for said risks.

Commodity price risk

The Company is exposed to the risk of changes in commodity prices, given the extremely volatile nature of the coffee market, which is influenced by macroeconomic factors (supply and demand) and financial factors (e.g. index funds, hedge funds, etc.).

The objective of commodity risk management is to stabilise the purchase cost of the raw material in order to ensure alignment with the values defined in the forecast and multi-year plan as far as is possible. In addition to defining pre-defined price agreements with producers, derivative financial instruments are used with banks specialised in the agricultural sector, with a time horizon that is at most equal to the multi-year plan, always following the guidelines defined in the Financial Risk Policy.

During 2024, the Company did not enter into any new derivative hedging contracts for the purchase of coffee. However, there are fixed price agreements with some green coffee producers which will terminate during the following financial year.

Exchange rate risk

The Company operates in an international context in which transactions are also conducted in currencies other than the euro, essentially US dollars, exposing it to the risk of fluctuating exchange rates. The exchange rate risk is managed (deriving from changes in the euro values of cash flows in foreign currencies due to an exchange rate that is different from what was defined in the budget) and partly also the accounting exchange risk to reduce the impact of changes in the exchange rate between the date of invoicing and the date of collection. The centralization in the Company of activities related to the management of such risk allows – where possible - natural hedging between the incoming and outgoing forecast flows. If the net balance is higher than five hundred thousand euros per annum, any hedging transactions are decided in accordance with the provisions of the budget/multi-year plan and using the financial instruments defined in the Financial Risk Policy.

The translation risk associated with the translation of the assets/liabilities of consolidated companies that prepare their financial statements in currencies other than the euro is not managed.

Foreign exchange derivative transactions outstanding at 31 December 2024 are described in Note 22.

The following table shows the sensitivity to a reasonably possible change in the exchange rate of the US dollar and the Brazilian real, with all other variables held constant. The effect on the Company's pre-tax result is due to changes in the fair value of monetary assets and liabilities outstanding at the end of the financial year, including foreign currency derivatives. The Company's exposure to exchange rate changes for all other foreign currencies is not significant.

Appreciation/depreciation of the exchange rate	Increase/decrease in the pre-tax profit	Increase/decrease pre-taxation on the shareholders' equity
5% EUR vs. USD	(558,022)	(558,022)
-5% EUR vs. USD	141,454	141,454
5% EUR vs. BRL	(46,541)	(46,541)
-5% EUR vs. BRL	51,440	51,440

Interest rate risk

Borrowing from banks exposes the Company to the risk of changes in interest rates. Specifically, loans at floating rates determine the risk of an increase in financial expenses, whereas fixed-rate loans (including the bond loan issued in 2015) entail a potential change in the fair value of the loans.

Interest rate risk, in terms of increase in financial expense, is managed by the Financial Risk Policy where the use of financial hedging instruments is envisaged.

At 31 December, there were two Interest Rate Swap agreements in place, the characteristics of which are more fully described in Note 17, where the Company agrees to exchange, at defined intervals, the difference in amount between the fixed rate and the floating rate calculated making reference to an agreed notional principal amount. These swaps are designated to hedge the underlying debt. At 31 December 2024, after taking into account the effect of the IRSs, approximately 60% of the Company's loans are fixed-rate (2023: 45%).

The following table illustrates the sensitivity to a reasonably possible change in interest rates on that portion of debt and loans, after the effects of hedge accounting. With all other variables held constant, and thus based on the value of the financial debt/credit at the end of the year, the Company's profit before of taxes is affected by the impact on floating-rate loans as follows:

Increase/decrease in the basis points	Increase/decrease in the pre-tax profit
+100BPS	(537,862)
-100BPS	537,862

Credit risk

Credit exposure is divided among a high number of counterparties and customers. The Company strives to reduce the risk resulting from the insolvency of customers through rules ensuring that sales are made to reliable and solvent customers, especially in Italy. These rules, based on the available information on customer solvency and historic data statistical series, combined with exposure limits per individual customer, reduce credit concentration and minimise the relative risk. In the event of changes in the payment terms, guarantee measures are put in place to protect payments. Positions involving significant amounts for which the Company identifies situations of objective, total or partial, non-recoverability, taking into consideration any guarantees obtained and the costs and expenses of recovery, are written down individually.

Also, the Company makes appropriate provisions for receivables that have not been written down individually on the basis of the expected losses. The write-down percentages are determined on the basis of that which the reference standard suggests, estimating the probability of default on the historical basis of past losses and collection experience in the previous twenty-four months.

In particular, the write-down percentages in the previous twenty-four months are based on the days past due for each class of customers grouped in the various segments that show similar historical loss trends (by geographical area and by past due class).

Disclosure on the credit risk exposure on the trade receivables is illustrated in note 20.

Liquidity risk

This risk could be manifested in inability on the part of the Company to find, at optimal financing conditions, the financial resources needed to sustain operations. The Company's cash flows, borrowing requirements and liquidity are constantly monitored centrally by the Finance and Treasury function in order to ensure the effective and efficient management of financial resources; these include bank overdrafts, medium/long-term bank loans, a bond issue and financial lease agreements.

The Company's capacity for generating operating cash flows, structuring its financial debt maturities and the confidence that the banking system has in it, with the consequent availability to access sources of funding, mean that the liquidity risk is regarded as well-controlled.

CAPITAL MANAGEMENT

For the purpose of the Company's capital management, it has been defined to include the issued share capital, the share premium reserve and all other reserves, including retained earnings (Company shareholders' equity).

The main objective of capital management is chiefly related to obtaining a strong credit rating, in order to support operations and maximise shareholder value.

The Company monitors capital by following the trend of the debt ratio, which is derived from the comparison between the value of the net financial position and the shareholders' equity. In the net financial position the Company includes loans and funding, including financial lease payables (but not operating lease payables), derivative contracts, liquid funds and cash equivalents.

	31.12 2024	31.12 2023
Short and medium-term net financial debt	167,875,758	160,004,143
Net value of derivative contracts	1,471,926	(2,405,759)
Liquid funds and other current financial assets	(46,576,549)	(23,658,229)
Net financial position	**122,771,135**	**133,940,155**
Shareholders' equity	**161,239,718**	**145,544,064**
NFP/Shareholders' equity ratio	**76%**	**92%**

The Company's capital management aims, among other things, to ensure that covenants related to interest-bearing loans and the like (excluding operating leases), which define capital structure requirements, are met. Breaches of the covenants would allow banks to demand immediate repayment of loans and financing. In the current year, there were no breaches of covenants related to interest-bearing loans and the like.
There were no changes to objectives, policies or processes during the years ending 31 December 2024 and 31 December 2023, nor were there any significant capital transactions during the two periods, with the exception of the distribution of dividends.

Explanatory notes

NOTE 1 - REVENUES

Revenues as at 31 December 2024 amounted to €532,834.7 thousand and mainly refer to the sales of coffee products.

A more detailed table is provided below:

Amounts in thousands of euros

Revenues by Geographical Area	2024	%	2023	%
Italy	192,887	36.2%	185,375	37.5%
EMEA (excluding Italy)	216,212	40.6%	201,474	40.8%
Americas	67,344	12.6%	54,349	11.0%
Asia and Rest of the World	56,392	10.6%	52,612	10.7%
TOTAL	**532,835**	**100%**	**493,810**	**100%**

The Company's revenue performance was characterised by a trend of continuous growth, recording an increase of 7.9% compared to the previous financial year thanks to the good performance of the primary markets in which the Company is present.

The Company has consolidated its leadership position in Italy in the super-premium segment of the market, recording a 4.1% increase compared to 2023, a result driven the Out-of-Home channels (mainly Ho.Re.Ca., and Office).

The EMEA area (excluding Italy) also grew by 7.3% compared to 2023, driven by the positive performance of the main reference markets, such as Spain, France, Netherlands and Greece and by the strengthening of presence in the Middle East, mainly in the United Arab Emirates and Turkey.

The Americas recorded a growth of 23.9% compared to 2023 due to positive performances both in the Out-of-Home channels, thanks to the increase in sales of 3kg jars, and in the Home channels, in particular due to the increase in the online channel and the sale of Ipso capsules.

The Asian market, growing by 7.2% compared to 2023, benefited from the excellent performance of Australia.

Amounts in thousands of euros

Revenues by product	2024	%	2023	%
Coffee products	480,251	90.1%	444,935	90.1%
Espresso machines	17,565	3.3%	26,824	5.4%
Other products	35,019	6.6%	22,050	4.5%
TOTAL	**532,835**	**100%**	**493,810**	**100%**

In line with the trend of the channels, characterised by the presence of both Home and growth in Out-of-Home, in 2024 the revenues of coffee products recorded an increase of 7.9% compared to 2023, in particular the 250gr and 3kg and the Nespresso compatible capsules. The decline in espresso machine revenues (-34.5% compared to 2023) is mainly linked to the slowdown in distribution in Korea. The increase in sales of the Other Products item is attributable to the increase in sales of coffee-based products (illycrema, instant coffee, cold-brew).

NOTE 2 - OTHER OPERATING INCOME

Description	2024	2023	Change
Net capital gains on disposal of tangible and intangible assets	301,757	135,539	166,218
Public grants	1,358,581	2,053,054	(694,474)
Contract termination penalties	257,555	112,807	144,748
Reimbursement of transport costs	4,272,220	4,686,391	(414,171)
Release of provisions	903,474	1,179,057	(275,584)
Services to group companies	2,606,976	2,368,360	238,615
Company canteen revenues	177,534	160,452	17,083
Compensation for damages	229,374	153,699	75,675
Other operating income	1,793,076	1,115,922	677,154
TOTAL	**11,900,545**	**11,965,280**	**(64,736)**

The item "*Other operating income*" amounted to €11,900.5 thousand in 2024 (€11,965.3 thousand in 2023) broken down as follows:

- "*Public grants*" amounting to €1,358.6 thousand (€2,053.1 thousand in the previous financial year), includes the operating contributions received by the Company as indicated below:
  - Grant by Italian Law 26/86 Fondo Trieste includes the portion of the capital grant related to the depreciation rate of the assets subject to the grants received, in compliance with the provisions of the accounting standards.
  - Grant by Italian Law 488/92 includes the portion of the plant grant related to the depreciation of the investments already made as of the balance sheet date and relating to the investment plan approved by the Ministry of Economic Development.
  - Grant on restructuring of a commercial centre and a property for office use recognised by the lessor company.
  - The "Bolero" Horizon Grant includes the portion of the operating grant related to a Research & Development project.
  - The "ZDZW" Horizon Grant includes the portion of the operating grant related to an Innovation project.
  - The "Evoque" Horizon Grant includes the portion of the operating grant related to a Research & Development project.
  - Grant for training plans including the portion of grants for current expenses related to employee training.
  - Grant envisaged by Italian Law 160/19 art. 1, paragraphs 198-209 (2020 Budget Law), as amended by Italian Law No. 178/2020, art. 1, paragraph 1064 (2021 Budget Law): it includes the share of the operating grant relating to Research, Development, Innovation & Design activities, incurred in 2021, recognised in the form of a tax credit.
  - Capital grants for 4.0 capital goods, Italian Law No. 178 of 30 December 2020, Art. 1, paragraphs 1056 - 1057-bis (2021 Budget Law) and subsequent amendments, this includes the portion of tax credit related to investments falling under the Industry 4.0 benefits;
- The remaining portion of grants proportionally chargeable to the income statement, relating to the remaining life of assets, and the amount of the grants relating to investments to be completed have been suspended and deferred to future years through deferred income.
- "Transport expense reimbursement" equal to €4,272.2 thousand (€4,686.40 thousand in the previous financial year) represents the reimbursement of transport expenses invoiced mainly to subsidiaries;
- The item "Compensation for damages" comprises both differences due to weight losses, recognised by our suppliers on batches of green coffee purchased during the year and by reimbursements for damages related to local distribution of our finished products.
- "Contract termination penalties" amounting to €257.6 thousand (€112.8 thousand in the previous year), includes the amounts charged to customers as penalties in the event of early termination of the contract;
- "Net capital gains on the disposal of tangible and intangible assets" amounting to €301.8 thousand (€135.5 thousand in the previous financial year) includes the capital gains recorded in the financial year following the disposal of some tangible and intangible assets.

- "Other operating income" for €1,793.1 thousand (€1,115.9 thousand in the previous financial year) which are mainly attributable to miscellaneous income for €827.2 thousand mainly related to collaborations with commercial partners, from the release of the non-recurring risk provision for €200.0, from income from active rents for €72.1 thousand and from non-recurring income with group companies for €371.5 thousand;

NOTE 3 - CHANGE IN INVENTORIES OF FINISHED AND SEMI-FINISHED PRODUCTS

Description	2024	2023	Change
Changes in inventories of finished and semi-finished products	5,556,137	(2,814,862)	8,370,999
TOTAL	**5,556,137**	**(2,814,862)**	**8,370,999**

A change in inventories of work in progress, finished and semi-finished products had a positive effect on the income statement amounting to €5,556.1 thousand in 2024 (negative for €2,814.9 thousand in 2023). The change in the period reflects a higher production compared to the previous year which had not yet been placed on the market at the end of the year, in addition to the effect of the increase in the price of raw materials. Please refer to Note 20 for an analysis of the change in inventories.

NOTE 4 – COSTS FOR PURCHASE OF RAW MATERIALS, CONSUMABLE AND FINISHED GOODS

Description	2024	2023	Change
Change in inventories of raw, ancillary and consumable materials and goods for resale	(10,002,533)	12,700,066	(22,702,599)
Raw materials and sundry items	182,125,249	146,246,396	35,878,853
Charges on purchases of coffee	3,204,992	3,301,321	(96,328)
Espresso machines, packaging, advertising materials	87,558,773	86,685,724	873,050
Sundry and other purchases	4,664,767	5,087,655	(422,888)
TOTAL	**267,551,248**	**254,021,161**	**13,530,088**

"*Costs for purchase of raw materials, consumable and finished goods*" amounted to €267,551.2 thousand in 2024 (€254,021.2 thousand in 2023), disclosing an increase of €13,530.1 thousand compared to the previous year. The increase is mainly attributable to the item "*Purchases of raw materials and miscellaneous goods*" for €35,878.9 thousand and to the item "*Espresso machines, packaging, advertising materials*" for €873.1 thousand offset by the consumption of raw materials in stock as can be seen from the item "*Change in inventories of raw materials, supplies, consumables and goods for resale*" for €22,702.6 thousand.
During the financial year, hedging transactions carried out by the Company on the coffee commodity were recognised for purchases made during the financial year for €1,745.3 thousand (€532.8 thousand in the year 2023 included under the item "*Purchases of raw materials and miscellaneous goods*").

NOTE 5 - COSTS FOR EMPLOYEE BENEFITS

Description	2024	2023	Change
Salaries and wages	51,853,764	47,146,143	4,707,622
Social security contributions	16,763,972	15,082,657	1,681,315
Benefits subsequent to the termination of the employment relationship	3,110,486	2,762,720	347,766
Other personnel costs	939,228	1,703,154	(763,926)
Temporary employment	2,630,500	3,978,094	(1,347,594)
Directors' remuneration	5,526,265	5,540,170	(13,905)
TOTAL	**80,824,215**	**76,212,937**	**4,611,278**

The item "*Costs for employee benefits*" amounted to €80,824.2 thousand in 2024 (€76,212.9 thousand in 2023), disclosing an increase of €4,611.3 thousand compared to the previous year.

The item includes all personnel costs, including promotions, changes of category, paid holidays accrued but not taken and provisions required by law and collective employment contracts. This item also includes "*Other personnel costs*" relating, directly or indirectly, to employees for €939.2 thousand in 2024 (€1,703.2 thousand in 2023), as well as costs for "*Temporary employment*" for €2,630.5 thousand in 2024 (€3,978.1 thousand in 2023).

This item also includes non-recurring costs related to reorganisation plan for €745.0 thousand.

The following table shows the number of employees of the Company by category, broken down between those in force as of 31 December 2024 and 31 December 2023 and the average number over the two years:

	2024	2023	Changes	Average
Senior managers	41	36	5	40
Middle managers	101	92	9	97
Clerical staff	496	491	5	490
Manual workers	299	279	20	305
TOTAL	**937**	**898**	**39**	**932**

There are 24 employees of the permanent German organisation, 27 of the permanent establishment in Spain, those of the Dutch organisation are 20, those of the permanent Austrian organisation are 16, and employees in the Asia Pacific area are 1. It should also be noted that 2 employees were seconded to another Group company.

The national labour contracts applied to the Company are as follows: CCNL Industria Alimentare (Food Industry), CCNL Turismo–Pubblici Esercizi (Tourism and Public Establishments) and CCNL Dirigenti di Aziende Produttrici di Beni e Servizi (Executives of Companies Producing Goods and Services). The permanent organisations apply the national labour contracts provided for by the legislation in force in their countries.

NOTE 6 - COSTS FOR SERVICES

Description	2024	2023	Change
Maintenance and repair costs	2,892,436	2,809,907	82,529
Consultancy fees	3,179,238	3,691,138	(511,900)
Insurance costs	1,138,055	1,090,868	47,187
Energy, similar and telephone costs	6,259,957	6,801,147	(541,189)
Marketing and communication expenses	18,398,538	17,923,139	475,399
Sales organization expenses	11,083,662	10,706,696	376,966
Travel expenses	2,467,242	2,239,946	227,296
Transport and shuttle expenses	18,510,325	18,050,411	459,914
External processing	9,369,861	7,698,345	1,671,517
Storage costs	1,346,192	1,167,643	178,549
Statutory Auditors' fees	205,432	204,800	632
Industrial costs	5,919,069	5,392,602	526,466
Supervisory body fee	71,004	70,000	1,005
Canteen management costs	830,669	734,331	96,339
Staff training	238,606	211,676	26,930
Cleaning and reception services	1,729,590	1,672,045	57,546
Other costs for services	8,853,926	6,964,004	1,889,923
TOTAL	**92,493,804**	**87,428,697**	**5,065,107**

The item "*Costs for services*" amounted to €92,493.8 thousand in 2024 (€87,428.7 thousand in 2023). The item in question generally shows an increase of approximately 5.8% compared to the previous financial year, mainly due to the increase in external processing expenses and industrial costs linked to an increase in sales volumes compared to the previous year.

The "*Marketing and communication expenses*" include the advertising and marketing activities devised and developed for the year.

The costs for "*Travel expenses*" have grown in 10.1% absolute value, while the incidence of expenditure with respect to turnover remains unchanged compared to the previous year. "*Energy and similar and telephone costs*" show a decrease mainly attributable to greater control of these expense items jointly with improved contracting with mobile phone and energy providers.

The increase in "*Transport and shuttle expenses*" increased by €459.9 thousand as a consequence of the increase in sales volumes.

"*External processing*" expenses refer to work orders with third parties.

The item "*Other costs for services*" includes non-recurring service costs related to consulting on projects of an extraordinary nature for €1.1 million.

An indication is given of the total fees payable to the Directors and the Statutory Auditors for the performance of their duties, both at the Parent Company and at the companies forming part of the consolidation area, as well as the fees due to the auditing firm (KPMG S.p.A.) responsible for the audit of the financial statements and the consolidated financial statements (the latter including the fees for auditing the subsidiaries carried out by the same auditing firm and by the Company's auditor's network or by other auditing firms not belonging to the KPMG S.p.A. network, as well as the fees for services other than auditing).

Remuneration	
Directors' remuneration	5,475,595
Board of Statutory Auditors	201,257
Statutory audit of the Parent Company	106,000
Branches' audit performed by Parent Company auditor	42,800
Other services provided by the Statutory auditor of Parent Company	144,680

NOTE 7 - AMORTISATION AND DEPRECIATION

Description	2024	2023	Change
Depreciation of property, plant and machinery	21,504,620	20,448,716	1,055,904
Amortisation of intangible assets	7,810,120	7,740,968	69,152
Amortisation of right-of-use assets	4,799,281	4,692,685	106,596
TOTAL	**34,114,021**	**32,882,369**	**1,231,652**

Depreciation amounted to €34,114.0 thousand in 2024 (€32,882.4 thousand in 2023).
The increase in depreciation of property, plant and machinery, amounting to €1,055.9 thousand, was mainly generated by the entry into operation of investments made during the year, as commented in note 14.

Amortisation of intangible fixed assets amounted to €7,810.1 thousand in 2024 (€7,741.0 thousand in 2023).

Amortisation of right-of-use assets amounted to €4,799.3 thousand (€4,692.7 thousand in 2023).

NOTE 8 - IMPAIRMENT LOSS ON NON-CURRENT ASSETS

Description	2024	2023	Change
With a definite useful life	156,259	2,254,898	(2,098,639)
TOTAL	**156,259**	**2,254,898**	**(2,098,639)**

The item "*Impairment loss on non-current assets*" amounted to €156.3 thousand in 2024 (€2,254.9 thousand in 2023). The item "*With a finite useful life*" includes the write-downs of advances on intangible assets relating to the decision not to proceed with a development project for €120.3 thousand (€1,496.6 thousand in 2023) and the write-down of tangible assets for €36.0 thousand (€758.3 thousand in 2023).

NOTE 9 - OTHER OPERATING EXPENSES

Description	2024	2023	Change
Costs for leases and rentals	5,560,446	4,395,004	1,165,442
Losses on receivables	825,878	932,769	(106,892)
Provisions for risks	2,574,958	2,747,011	(172,053)
Net capital losses on disposal of tangible and intangible assets	163,063	129,896	33,167
Indirect taxes and levies	3,900,380	3,556,972	343,408
Entertainment expenses and external relations	2,725,562	2,579,110	146,453
Annuity and patent management	348,735	397,799	(49,064)
Royalty payments	586,996	438,184	148,812
Membership fees	641,727	587,946	53,780
Environmental contributions (CONAI and WEEE)	887,252	1,879,564	(992,312)
Other operating costs	2,883,872	3,257,000	(373,127)
TOTAL	**21,098,870**	**20,901,254**	**197,615**

The overall item is essentially unchanged compared to the previous financial year (€21,098.9 thousand in 2024 and €20,901.3 thousand in 2023). An increase in expenses related to the costs for use of leased assets is noted, in particular for the expansion of the Milan headquarters, and a significant decrease in the item "*Environmental contributions*" following the sharing with CONAI of the non-applicability of the contribution itself to plastic capsules. The item "*Entertainment expenses and external relations*" recorded an increase compared to the previous year and is due to participation in trade fairs and organisation of events, in particular the organisation of the Ernesto illy international prize for €125.1 thousand.

The residual item "*Other operating costs*" is mainly made up of other management charges for € 879.6 thousand, such as the costs for exemption contributions for €206.8 thousand, from the costs for prize competitions for €1,025.0 thousand and from the social utility expenses for €743.3 thousand and contingent liabilities for €95.8 thousand.

NOTE 10 - FINANCIAL EXPENSES

Description	2024	2023	Change
Interest on bank loans and charged by other providers of finance	6,080,973	5,560,547	520,426
Interest on other amounts due to banks	1,033,060	950,981	82,079
Realised exchange losses	2,253,891	2,155,236	98,655
Unrealised exchange losses	624,532	594,005	30,527
Financial instruments charges	1,071,194		1,071,194
Interest expense on lease agreements	635,300	549,976	85,324
Write-down of derivatives and other financial assets	222,362		222,362
Financial charges with subsidiaries	126,759	81,806	44,953
Interest expense employee severance indemnity (TFR)	57,174	66,348	(9,174)
Bank charges and commissions	605,562	642,380	(36,818)
Other expense		8,852	(8,852)
TOTAL	**12,710,808**	**10,610,131**	**2,100,677**

"*Financial charges*" for the period amounted to €12,710.8 thousand, an increase of €2,100.7 thousand compared to the previous financial year, mainly due to the negative effect of negative differentials on *Interest Rate Swap* financial instruments (€1,071.2 thousand).
The item "*Financial charges with subsidiaries*" is made up of interest expense on cash pooling relationships with group companies for €126.8 thousand (€81.8 thousand in 2023).

The item "*Write-down of derivatives and other financial assets*" includes the write-down of exchange rate derivatives for €222.4 thousand (in the previous financial year the revaluation was classified in financial income).

NOTE 11 - FINANCIAL INCOME

Description	2024	2023	Change
Unrealised exchange gains	733,643	538,455	195,189
Realised exchange gains	2,309,713	2,293,239	16,474
Interest income on loans	68,627	500	68,127
Revaluation of derivatives		173,184	(173,184)
Income from subsidiaries	699,449	1,243,550	(544,101)
Income from other companies	297,625	218,989	78,635
Interest income miscellaneous receivables	23,469	16,226	7,243
Bank interest income	134,446	101,292	33,154
Other income	26,387	122,045	(95,658)
Financial instruments income	1,506,948	372,691	1,134,257
TOTAL	**5,800,307**	**5,080,171**	**720,136**

The item "*Financial income*" equal to €5,800.3 thousand in 2024 recorded an increase of €720.1 thousand compared to the previous financial year (€5,080.2 thousand), mainly attributable to the positive effect on realized and unrealized exchange gains and to the positive differentials on *Interest Rate Swap* financial derivative instruments (€1,506.9 thousand in 2024 and €372.7 thousand in 2023).
"*Income from subsidiaries*" are related to interest income accrued from pooling relationships with group companies.

The item "*Income from other companies*" is made up of dividends approved by *Kafea Terra Food & Drink SA* for €297.6 thousand.

NOTE 12 – OTHER INCOME (EXPENSES) ON FINANCIAL ASSETS

Description	2024	2023	Change
Other income (expenses) on financial activities	(5,452,078)	(1,202,292)	(4,249,786)
TOTAL	**(5,452,078)**	**(1,202,292)**	**(4,249,786)**

During the financial year, the shareholding in illycafè AG was written down for €4,500.0 thousand and the shareholding in illycaffè Sud America was written down for €952.1 thousand. In the previous financial year, the item included the loss arising from the liquidation of the company Espressamente Retail London Ltd for the amount of €35.5 thousand and to the allocation to the "Provision for coverage of losses of investee companies" with reference to the subsidiary illycaffè Sud America Ltda for the amount of €1,166.8 thousand.

NOTE 13 - INCOME TAXES

Description	2024	2023	Change
Current taxes for the year	12,653,179	4,438,320	8,214,859
Current taxes relating to previous years	(1,460,539)	500,000	(1,960,539)
Deferred taxes	796,335	1,381,816	(585,481)
TOTAL	**11,988,975**	**6,320,136**	**5,668,838**

The tax burden for the 2024 financial year amounts to a total of €11,989.0 thousand, as a consequence of the net effect of:

- current taxes for €12,653.2 thousand;
- the negative effect of deferred taxes for €796.3 thousand;
- current taxes relating to previous financial years which generated a positive impact of €1,460.54 thousand, deriving from the tax burden recalculated on the basis of the tax returns presented with respect to the tax settlement carried out when preparing the financial statements of the previous financial year and from the refund request presented during 2024 following the positive outcome of the MAP (*Mutual Agreement Procedure*) procedure activated between Italy and Spain.

With reference to current taxes, the tax burden is determined on the basis of the taxable income deriving from the result of the financial year, applying the nominal tax rates in force (24% for IRES and 3.9% for IRAP). The breakdown of income taxes is as follows:

Description	2024	2023	Change
IRES	10,615,977	3,493,853	7,122,124
IRAP	2,037,202	944,467	1,092,735
Current taxes	12,653,179	4,438,320	8,214,859
IRES	702,463	342,154	360,310
IRAP	93,872	40,357	53,515
Other deferred (prepaid) taxes		999,306	(999,306)
Deferred (prepaid) taxes	796,335	1,381,816	(585,481)
Taxes from previous years	(1,460,539)	500,000	(1,960,539)
Taxes from previous years	(1,460,539)	500,000	(1,960,539)
TOTAL INCOME TAXES	**11,988,975**	**6,320,136**	**5,668,838**

The overall tax burden compared to the pre-tax result stands at 28.8% compared to 28.1% in the previous financial year, with an increase of 0.7 p.p. compared to the previous financial year.
The tax trend was driven by the strong increase in Pre-tax Profit (+85% compared to 2023) partially mitigated by non-recurring items such as the Mutual Agreement Procedure (MAP) refund application, submitted during 2024.

The following table shows the reconciliation between the current tax burden resulting from the financial statements and the theoretical tax burden, limited to IRES.

Description	Value	Taxes
Pre-tax result	41,690,433	
Theoretical tax burden (%)	24%	10,005,704
Timing differences taxable in subsequent years		
Unrealised exchange rate differences		
Dividends	(286,678)	
Timing differences deductible in subsequent years		
Allocation to different provisions	3,717,005	
Other	1,301,854	
Reversal of timing differences from previous years and other reductions of the taxable income		
Use of different provisions	(5,670,806)	
Other	(1,624,569)	
Differences that will not be reversed in subsequent years		
Entertainment expenses	52,561	
Write-down of investments	5,452,078	
Non-deductible taxes	951,262	
A.C.E. (Economic Growth Aid)		
Patent box		
Other	(1,349,902)	
Taxable income	44,233,239	
Current income taxes for the year		10,615,977
Current effective rate		25.46%

Deferred and prepaid taxes

Deferred taxes are shown by the provision made in the deferred tax provision and in receivables for prepaid taxes.

The main timing differences which led to the recognition of deferred and prepaid taxes are shown in the tables below together with the related effects.

Deferred tax assets

	2024		2023	
Prepaid Taxes	Amount of temporary differences	Tax impact	Amount of temporary differences	Tax impact
Write-down of receivables	3,911,913	938,859	1,711,304	410,713
Unrealised negative exchange rate differences			2,250,731	540,175
Other provisions	22,013,735	6,093,130	25,875,469	7,121,384
Financial derivative hedging instruments	1,249,563	299,895		
Directors' remuneration	1,228,806	294,914	1,504,886	361,173
Total Prepaid taxes	**28,404,018**	**7,626,798**	**31,342,390**	**8,433,445**

It should be noted that the change in the provision for deferred prepaid taxes relating to derivative financial instruments, totalling €299.9 thousand, did not affect the deferred tax expense of the Income Statement, since it is linked to derivative financial instruments qualified as hedging.

Deferred tax liabilities

	2024		2023	
Prepaid Taxes	Amount of temporary differences	Tax impact	Amount of temporary differences	Tax impact
Dividends recorded on an accruals basis	300,575	72,138	221,883	53,253
Unrealised positive exchange rate differences			1,161,473	278,753
Derivative financial instruments			2,232,571	535,817
Other provisions	1,901,731	524,503	2,113,034	582,783
Total deferred taxes	**2,202,305**	**596,641**	**5,728,961**	**1,450,606**

It should be noted that the change in the provision for deferred tax liabilities relating to derivative financial instruments, totalling €535.8 thousand, did not affect the deferred tax liability of the income statement, but was charged directly as an adjustment of the shareholders' equity item *"Reserve for expected cash flow hedging transactions,"* since it is linked to derivative financial instruments qualified as hedging and, consequently, recorded directly in the shareholders' equity.

The Company has released the deferred taxation relating to unrealised exchange rate differences as they are fiscally relevant pursuant to Legislative Decree 192/2024.

Information on the branches

The values – expressed in euros – of the branches contributions are reported.

illycaffè S.p.A. Sucursal en España	Amount
Net revenues	26,595,864
Cost of sales	(16,466,491)
Service costs	(4,976,493)
Leased assets	(37,701)
Costs for employee benefits	(2,399,545)
Amortisation, depreciation, write-down and provisions	(1,416,883)
Other operating costs	(131,523)
Financial charges and income	(1,134,234)
Income taxes	(301,472)
Profit/(loss) for the year	**(268,480)**

illycaffè S.p.A. vestiging Nederland	Amount
Revenues from sales and others	21,956,295
Cost of sales	(17,612,056)
Service costs	(1,214,506)
Leased assets	(15,633)
Costs for employee benefits	(1,399,420)
Amortisation, depreciation, write-down and provisions	(538,342)
Other operating costs	(260,743)
Financial charges and income	(122,420)
Income taxes	(254,746)
Profit/(loss) for the year	**538,428**

illycaffè S.p.A. Niederlassung Deutschland	Amount
Net revenues	18,296,237
Cost of sales	(10,740,140)
Service costs	(2,130,579)
Leased assets	(155,347)
Costs for employee benefits	(2,176,864)
Amortisation, depreciation, write-down and provisions	(458,225)
Other operating costs	(1,880,577)
Financial charges and income	(183,896)
Income taxes	(167,578)
Profit/(loss) for the year	**403,030**

illycaffè S.p.A. Asia Pacific Branch	Amount
Net revenues	
Cost of sales	(142)
Service costs	(89,192)
Leased assets	(42,176)
Costs for employee benefits	(668,123)
Amortisation, depreciation, write-down and provisions	(248,912)
Other operating costs	(40,479)
Financial charges and income	(14,879)
Income taxes	
Profit/(loss) for the year	**(1,103,903)**

illycaffè S.p.A. Niederlassung Österreich	Amount
Net revenues	11,120,462
Cost of sales	(7,058,561)
Service costs	(1,241,386)
Leased assets	(111,984)
Costs for employee benefits	(1,708,332)
Amortisation, depreciation, write-down and provisions	(389,195)
Other operating costs	(93,032)
Financial charges and income	(62,218)
Income taxes	(79,930)
Profit/(loss) for the year	**375,823**

Proposal for allocation of the result

In submitting the illycaffè S.p.A. financial statements to the Shareholders' Meeting for approval, the Board of Directors proposes to allocate the profit for the year as follows:

Profit for the year 2024	**29,701,458**
legal reserve	398,495
unrealised exchange gains reserve	733,643
dividends - (equal to €3.737 for each ordinary share)	16,819,088
extraordinary reserve	11,750,232

The Reserve for unrealised exchange gains established with the distribution of the previous year's profit will be reclassified to Other Reserves distributable in paragraph of Art. 2426, number 8-bis of the Italian Civil Code due to the value of the unrealised exchange differences outstanding at the end of 2024.
The profit reserve generated by the transition to IFRS will be reclassified to the Extraordinary reserve.

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

Description	31/12/2024	31/12/2023	Change
Land and buildings	36,160,730	36,618,811	(458,082)
Plant and equipment	32,793,121	28,523,071	4,270,050
Industrial and commercial equipment	23,828,058	22,065,187	1,762,871
Leasehold improvements	1,489,239	1,685,284	(196,045)
Other tangible assets	6,320,059	5,937,574	382,485
Construction in progress and advance payments	7,723,346	5,551,264	2,172,082
TOTAL	**108,314,552**	**100,381,191**	**7,933,360**

The item "*Tangible assets*" amounted to €108,314.6 thousand as at 31 December 2024 (€100,381.2 thousand as at 31 December 2023) and is made up as follows:

- "*Land and buildings,*" equal to €36,160.7 thousand as of 31 December 2024, with a decrease of €458.1 thousand compared to the previous financial year. The change in the financial year is mainly attributable to the depreciation of the period partially offset by the increases of the year.
- "*Plant and machinery,*" equal to €32,793.1 thousand as of 31 December 2024, with a increase of €4,270.1 thousand. The change in the period is mainly attributable to the effect of depreciation for €7,320.4 thousand in addition to disposals for a net value of €64.1 thousand and investments in the year for €11,639.6 thousand, the latter mainly attributable to the costs incurred by the Company for the construction of new production plants, in particular the investments made for the construction of the new line for the spherical aluminium capsules and the continuous efficiency improvement of the departments, investments also aimed at respecting the commitment made to reduce consumption by installing adequate electrical systems.
- "*Industrial and commercial equipment*," which amount to €23,828.1 thousand at 31 December 2024, with an increase of €1,762.9 thousand, mainly attributable to the purchase of professional coffee equipment granted on loan and/or lease to customers and for the acquisition and innovation of printing systems used for the production of products of the Iperespresso system.
- The item "*Leasehold improvements*" for €1,489.2 thousand at 31 December 2024 (€1,685.3 thousand at 31 December 2023) is mainly attributable to renovation work at the offices located in Milan.
- "*Other tangible assets,*" for €6,320.1 thousand (€5,937.6 thousand at 31 December 2023), refer to investments made by the Company mainly for light constructions, electronic equipment, furnishings for trade shows and events, illy bar furnishings, laboratory equipment, laboratory equipment and office furniture and furnishings.
- "*Tangible assets under construction and advance payments*" refers to the completion of uncompleted projects, with particular regard to research and innovation in the sphere of professional cutting edge machines, as well as the construction of sustainable products that meet the requirements of the circular economy such as packaging reduction and full recyclability.

The decreases reflect reclassification applied during the year for specific relevant tangible fixed assets.

The table below shows the details of the changes, highlighting the reduction in both the historical cost and the related depreciation and write-down provision, if any.

	Land and buildings	Plant and equipment	Equipment	Other assets	Leasehold improvements	Construction in progress and advance payments	Total property, plant and machinery
Historical cost 01/01/2023	**61,929,795**	**128,613,048**	**101,544,210**	**40,696,247**	**4,979,624**	**6,651,552**	**344,414,477**
Increase	200,398	3,183,413	12,092,330	1,767,381	227,537	4,360,124	21,831,183
Decrease	(229,231)	(22,806,891)	(2,486,057)	(13,605,594)	(256,165)	(1,915,428)	(41,299,366)
Other changes	122,285	1,201,575	(246,276)	245,193	162,993	(2,072,760)	(586,990)
Historical cost 31/12/2023	**62,023,246**	**110,191,144**	**110,904,207**	**29,103,228**	**5,113,990**	**7,023,488**	**324,359,303**
Provision for Write-downs 01/01/2023	**(24,045,676)**	**(96,856,362)**	**(81,774,181)**	**(35,380,829)**	**(3,143,900)**		**(241,200,947)**
Increase	(1,494,656)	(7,154,899)	(10,075,636)	(1,286,337)	(437,189)		(20,448,716)
Decrease	135,897	22,699,011	2,192,899	13,510,845	218,899		38,757,550
Other changes		64,866	953,558	(9,333)	(66,517)		942,574
Provision for Write-downs 31/12/2023	**(25,404,435)**	**(81,247,384)**	**(88,703,359)**	**(23,165,654)**	**(3,428,706)**		**(221,949,538)**
Write-down provision 01/01/2023		**(448,119)**	**(110,060)**	**(50,993)**		**(2,852,653)**	**(3,461,825)**
Decrease	93,338	121,432	357	60,968		1,915,428	2,191,523
Write-downs	(93,338)	(94,001)	(25,957)	(9,975)		(535,000)	(758,271)
Write-down provision 31/12/2023		**(420,688)**	**(135,660)**			**(1,472,224)**	**(2,028,573)**
Net book value 31/12/2023	**36,618,811**	**28,523,071**	**22,065,187**	**5,937,574**	**1,685,284**	**5,551,264**	**100,381,191**
Historical cost 01/01/2024	**62,023,246**	**110,191,144**	**110,904,207**	**29,103,228**	**5,113,990**	**7,023,488**	**324,359,303**
Increase	943,508	7,112,558	12,604,088	1,838,490	284,736	7,051,313	29,834,693
Decrease		(414,889)	(3,025,641)	(410,741)	(246,995)	(938,224)	(5,036,490)
Other changes	106,527	4,527,070	4,431	234,140	(27,400)	(4,878,231)	(33,463)
Historical cost 31/12/2024	**63,073,280**	**121,415,884**	**120,487,085**	**30,765,116**	**5,124,331**	**8,258,346**	**349,124,042**
Provision for Write-downs 01/01/2024	**(25,404,435)**	**(81,247,384)**	**(88,703,359)**	**(23,165,654)**	**(3,428,706)**		**(221,949,538)**
Increase	(1,508,116)	(7,320,440)	(10,691,014)	(1,520,467)	(464,584)		(21,504,620)
Decrease		350,814	2,848,566	298,335	230,915		3,728,630
Other changes	0	14,936	3,240	(21,280)	27,283		24,179
Provision for Write-downs 31/12/2024	**(26,912,551)**	**(88,202,074)**	**(96,542,567)**	**(24,409,065)**	**(3,635,092)**		**(239,701,350)**
Write-down provision 01/01/2024		**(420,688)**	**(135,660)**			**(1,472,224)**	**(2,028,573)**
Decrease			19,200			937,224	956,424
Write-downs				(35,992)			(35,992)
Write-down provision 31/12/2024		**(420,688)**	**(116,460)**	**(35,992)**		**(535,000)**	**(1,108,141)**
Net book value 31/12/2024	**36,160,730**	**32,793,121**	**23,828,058**	**6,320,059**	**1,489,239**	**7,723,346**	**108,314,552**

NOTE 15 - GOODWILL

Description	31/12/2024	31/12/2023	Change
Goodwill	6,092,493	6,092,493	0
Total	**6,092,493**	**6,092,493**	**0**

The item mainly refers to the values determined upon acquisition of the *Mitaca S.r.l.* business for €5,295.6 thousand and from the acquisition of the business from the previous Austrian distributor for €796.9 thousand. Goodwill is considered to be an asset with an indefinite useful life and is therefore not subject to amortisation, but is at least annually subjected to an impairment test as at the balance sheet date.

The Company has, therefore, subjected the Net Invested Capital (NIC), including goodwill, to an impairment test, for each cash-generating unit (CGU), understood as an entity with respect to which management monitors its flows.

With reference to the goodwill deriving from the acquisition of the Mitaca business, which was merged into illycaffè S.p.A during 2022, therefore for the purposes of the impairment test, illycaffè S.p.A. was considered as the reference CGU. The recoverable value of the CGUs was determined by means of the value in use, determined by applying the *discounted future cash flows* model, considering the cash flows forecast by management in the business plan until 2029 (subject to the Board of Directors during its meeting on 16 December 2024), plus the *terminal value*, calculated as the current value of the perpetual annuity. For the purposes of calculating the *terminal value*, the normalised cash flow for the last year of the explicit forecast period was considered, based on a growth rate ("g") consistent with the CGU's reference market equal to 0.8%.

For discounting purposes, management has identified a WACC rate equal to 8.9% which weights the cost of debt with that of shareholders' equity, considering the characteristics of the markets in which the CGU operates. The following considerations were made to determine the WACC:

- the cost of equity capital considering a risk-free rate;
- a market share risk premium and an additional risk premium;
- an *unlevered* beta coefficient;
- the cost of gross debt, including the spread;
- the reference tax rate of the individual CGU;
- the debt to equity ratio

Based on the impairment test carried out, the Directors believe that there are no elements to consider permanent losses of value relating to said goodwill.

NOTE 16 - INTANGIBLE ASSETS

Description	31/12/2024	31/12/2023	Change
Development costs	4,457,444	4,163,303	294,140
Concessions, licences, software, trademarks and similar rights	2,400,140	2,843,179	(443,039)
Other intangible assets	9,872,753	8,445,814	1,426,939
Assets in process of formation and advance payments	12,814,698	10,298,261	2,516,437
Total intangible assets	**29,545,036**	**25,750,558**	**3,794,478**

The item "*Intangible assets*" amounted to €29,545.0 thousand as at 31 December 2024 (€25,750.6 thousand as at 31 December 2023) and is made up as follows:

- "*Development costs*" amounted to €4,457.4 thousand at 31 December 2024 (€4,163.3 thousand at 31 December 2023) and includes the capitalisation of development costs for new prototypes of espresso machines and new technological computerisation projects on the *global direct channel* aimed at innovating, by giving a new look, to the e-commerce website.
- "*Concessions, licenses, software, trademarks and similar rights*" amounted to €2,400.1 thousand (€2,843.2 thousand at 31 December 2023) and includes the rights purchased from artists for decorations used on illy Art Collection cups, designs for espresso machines and software licenses, in particular those for using the current IT system.

- *"Other intangible assets"* mainly refers to the implementation of information systems, the right to create global sites and leasehold improvements. The first item increased during the 2024 financial year mainly in relation to the constant investment in the implementation of information systems to support the multiple innovative and technological projects necessary for the business.

The table with a breakdown of the changes is presented below:

	Development costs	Concessions, licences, software, trademarks and similar rights	Other intangible assets	Assets in process of formation and advance payments	Total other intangible assets
Historical cost 01/01/2023	**16,758,233**	**23,153,972**	**55,134,947**	**12,333,402**	**107,380,554**
Increase	1,717,689	765,255	4,454,323	3,917,278	10,854,546
Decrease			(41,828)		(41,828)
Other changes	2,498,227	100,800	5,723,489	(4,194,952)	4,127,564
Historical cost 31/12/2023	**20,974,149**	**24,020,027**	**65,270,930**	**12,055,728**	**122,320,835**
Provision for Write-downs 01/01/2023	**(15,433,148)**	**(19,922,224)**	**(46,920,448)**		**(82,275,820)**
Increase	(1,477,698)	(1,254,824)	(5,008,445)		(7,740,968)
Decrease			5,112		5,112
Other changes	100,000	200	(4,527,376)		(4,427,176)
Provision for Write-downs 31/12/2023	**(16,810,846)**	**(21,176,848)**	**(56,451,158)**		**(94,438,852)**
Write-down provision 01/01/2023			**(373,958)**	**(260,840)**	**(634,798)**
Write-downs				(1,496,627)	(1,496,627)
Write-down provision 31/12/2023			**(373,958)**	**(1,757,467)**	**(2,131,425)**
Net book value 31/12/2023	**4,163,303**	**2,843,179**	**8,445,814**	**10,298,261**	**25,750,558**
Historical cost 01/01/2024	**20,974,149**	**24,020,027**	**65,270,930**	**12,055,728**	**122,320,835**
Increase	1,785,976	772,014	5,291,472	4,000,566	11,850,028
Decrease	(34,715)	(48,660)	(114,242)	(1,104,771)	(1,302,388)
Other changes	329,810	0	1,034,467	(1,364,277)	0
Historical cost 31/12/2024	**23,055,220**	**24,743,382**	**71,480,383**	**13,587,246**	**132,866,231**
Provision for Write-downs 01/01/2024	**(16,810,846)**	**(21,176,848)**	**(56,451,158)**		**(94,438,852)**
Increase	(1,800,899)	(1,170,992)	(4,838,228)		(7,810,120)
Decrease	13,969	4,599	55,714		74,282
Provision for Write-downs 31/12/2024	**(18,597,777)**	**(22,343,241)**	**(61,233,672)**		**(102,174,689)**
Write-down provision 01/01/2024			**(373,958)**	**(1,757,467)**	**(2,131,425)**
Decrease				1,104,771	1,104,771
Write-downs				(119,852)	(119,852)
Write-down provision 31/12/2024			**(373,958)**	**(772,548)**	**(1,146,506)**
Net book value 31/12/2024	**4,457,444**	**2,400,140**	**9,872,753**	**12,814,698**	**29,545,036**

The increase in the item *"Assets in progress and payments on account"* mainly represents costs relating to projects on technological innovations on espresso machines still in progress.

NOTE 17 - RIGHT-OF-USE ASSETS

Description	31/12/2024	31/12/2023	Change
Store & buildings	13,340,319	14,873,962	(1,533,643)
Means of transport	1,955,759	1,986,712	(30,954)
Industrial and commercial equipment	595,099	279,215	315,883
Other rights-of-use	488,910	766,262	(277,352)
Total rights-of use assets	**16,380,087**	**17,906,152**	**(1,526,066)**

The table with a breakdown of the changes is presented below.

	Store & Buildings	Means of transport	Industrial and commercial equipment	Other rights-of-use	Total
Historical cost 01/01/2023	**28,701,776**	**4,537,819**	**1,229,105**	**2,111,874**	**36,580,574**
Increase	3,497,913	1,534,613	13,848	176,443	5,222,817
Decrease	(1,980,419)	(1,621,566)	(206,991)	(511,314)	(4,320,290)
Historical cost 31/12/2023	**30,219,269**	**4,450,867**	**1,035,962**	**1,777,002**	**37,483,100**
Increase	6,726,097	2,489,174	579,770	93,747	9,888,788
Decrease	(6,846,878)	(2,349,504)	(359,278)	(508,886)	(10,064,545)
Historical cost 31/12/2024	**30,098,489**	**4,590,537**	**1,256,455**	**1,361,863**	**37,307,343**
Provision for Write-downs 01/01/2023	**(13,248,046)**	**(2,706,306)**	**(723,993)**	**(958,327)**	**(17,636,673)**
Increase	(2,919,840)	(1,229,959)	(239,744)	(563,727)	(4,953,271)
Decrease	822,579	1,472,111	206,991	511,314	3,012,996
Provision for Write-downs 31/12/2023	**(15,345,307)**	**(2,464,154)**	**(756,747)**	**(1,010,740)**	**(19,576,948)**
Increase	(2,935,673)	(1,244,318)	(248,191)	(371,098)	(4,799,281)
Decrease	1,522,810	1,073,694	343,582	508,886	3,448,972
Provision for Write-downs 31/12/2024	**(16,758,170)**	**(2,634,778)**	**(661,356)**	**(872,953)**	**(20,927,257)**
NET BOOK VALUE 31/12/2023	**14,873,962**	**1,986,712**	**279,215**	**766,262**	**17,906,152**
NET BOOK VALUE 31/12/2024	**13,340,319**	**1,955,759**	**595,099**	**488,910**	**16,380,087**

The increases in right-of-use assets of leased assets acquired during the financial year are related to the renewals of existing lease agreements, in particular to the expansion of the Milan offices and industrial warehouses.
The decreases are related to the reduction in the duration of some *leases* in addition to the replacement of the location of some offices.

NOTE 18 – EQUITY INVESTMENTS AND OTHER NON-CURRENT FINANCIAL ASSETS

	31/12/2024	31/12/2023
Other financial receivables	7,994	9,808
Equity investments in subsidiaries	45,645,761	41,273,288
Other equity investments	13,168,598	16,794,268
Derivative financial instruments receivable		324,837
Total non-current financial assets	**58,822,353**	**58,402,201**

The item *"Non-current financial assets"* amounted to €58,822.4 thousand as at 31 December 2024 (€58,402.2 thousand as at 31 December 2023) and is made up as follows:

- "*Other financial receivables*" for €8.0 thousand, which include the financial receivables of the financing activities set up by the Company.

- "*Investments in subsidiaries*" for €45,645.8 thousand (€41,273.3 thousand as of 31 December 2023). The change in the item is due to the increase in the value of the shareholding in *illycaffè Sud America Ltda* for €9,511.1 thousand following the agreement to waive part of the trade credit, to the reclassification of the "*Provision for coverage of losses of investee companies*" for €4,186.5 thousand set aside over the years for illycaffè Sud America Ltda in the related write-down provision. Furthermore, during the financial year it was deemed appropriate to write down the shareholding by €952.1 thousand.
- Information is provided on shareholdings in directly owned subsidiaries:

Name	City or Country	Currency	Share capital	Shareholders' equity	Profit/(Loss)	% Ownership	Balance sheet value in euros
illy caffè North America Inc.	United States	USD	4,970	35,802,094	1,643,245	100	18,025,697
illycaffè France S.A.S.	France	EUR	1,064,000	5,257,634	1,259,663	100	1,702,413
Magic L'Espresso S.L.	Spain	EUR	285,475	1,721,257	258,614	100	2,183,964
Bar Finance International S.p.A.	Italy	EUR	4,700,000	4,527,706	(7,013)	100	4,525,845
Experimental Agricola Do Brasil Ltda	Brazil	BRL	5,360,653	40,186,835	11,248,989	99.99	943,688
illycaffè Sud America Comercio, Importaçao e Exportaçao Ltda	Brazil	BRL	100,060,653	28,122,547	(151,489)	99.90	4,372,473
illycaffè Shanghai Co. Ltd.	China	CNY	16,081,854	111,187,865	2,108,114	100	3,991,023
illycaffè UK Ltd.	Great Britain	GBP	101	1,636,846	493,531	100	9,900,657
TOTAL							**45,645,761**

Furthermore, the Company indirectly holds control the following companies:

Name	City or country	Currency	Share capital	Shareholders' equity	Profit/ (Loss)	% Ownership	Parent Company
Illy espresso Canada Inc.	Canada	CAD	2,000,100	1,030,671	6,115	100	illy caffè North America Inc.

- "*Other equity investments*" for €13,168.6 thousand which includes the Company's partecipation equal to 100% of the capital of *illycafè AG*, with headquarters in Thalwil, Switzerland, which does not qualify as a controlling shareholding by virtue of the recognition of the right of usufruct to the previous shareholders for a defined period of time as agreed in the share purchase transaction. During the 2024 financial year, based on the Directors' assessments and the data in the forecast plans, it was deemed appropriate to write down the shareholding by €4.5 million.
- There are no "*Receivable derivative financial instruments*" at the end of the 2024 financial year, while they amounted to €324.8 thousand at 31 December 2023, relating to two "*Interest Rate Swap*" contracts commented on below.

For the investments in other companies there were no other cases of "write-back of value.

The changes in investments in other companies during the year are shown below:

Name	City or Country	Purchase cost 31/12/2023	Write-down provision 31/12/2023	Net opening balance 31/12/2023	Increase	Decrease	Purchase cost 31/12/2024	Write-down provision 31/12/2024	Ending net amount 31/12/2024
CAAF Interreg. Dipendenti S.r.l.	Italy	5		5			5		5
Kafea Terra Food & Drinks S.A.	Greece	247,000		247,000			247,000		247,000
OCM S.r.l.	Italy	2,169		2,169	746,330		748,499		748,499
CONAI	Italy	1,605		1,605			1,605		1,605
ERP Italia Srl - WEEE	Italy	4,010		4,010			4,010		4,010
Illycafè Thalwil AG	Switzerland	15,959,946		15,959,946	(4,500,000)		15,959,946	(4,500,000)	11,459,946
Consorzio E.S.E.	Italy	3,533		3,533			3,533		3,533
Trieste Convention Center	Italy	576,000		576,000	128,000		704,000		704,000
Total		**16,794,268**	**0**	**16,794,268**	**(3,625,670)**	**0**	**17,668,598**	**(4,500,000)**	**13,168,598**

Interest rate transactions

At 31 December 2024, the Company had no "*Interest Rate Swap*" contracts, with a positive *fair value*.

At 31 December 2023, the Group has two "*Interest Rate Swap*" contracts, with positive *fair value*, the main characteristics of which and the book value corresponding to their *fair value* at that date are shown in the following table.

Contract Type	Start date	Settlement date	Currency	Notional at 31/12/2023	Fair Value at 31/12/2023	Fixed Rate (Paid)	Variable rate (collected)	Floor
IRS	Apr-20	Apr-25	EUR	7,500,000	278,102	(0.100%)	Euribor 6M	
IRS	Nov-20	Nov-25	EUR	1,510,386	46,735	(0.300%)	Euribor 3M	-0.012
				9,010,386	**324,837**			

These are contracts signed by the Company for the purpose of hedging interest rate risk and through which the company is able to "convert" part of its debt from variable rate to fixed rate. The *fair value* of these instruments is determined using valuation models powered by inputs derived from the market (source: Bloomberg).

NOTE 19 - OTHER NON-CURRENT ASSETS

	31/12/2024	31/12/2023
Other non-current assets	118,861	280,207
Guarantee deposits	289,246	238,808
Total other non-current assets	**408,107**	**519,015**

The item " *Other non-current assets*" amounted to €408.1 thousand as of 31 December 2024 and is made up of €289.2 thousand in "*Security deposits*" and €118.9 thousand in the portion beyond one year of accrued income and prepaid expenses (€280.2 thousand as of 31 December 2023).

NOTE 20 - INVENTORIES

	31/12/2024	31/12/2023
Raw, ancillary and consumable materials	66,229,523	60,381,397
Work in progress	1,591,344	1,729,919
Finished products	39,217,644	30,922,104
Payments on account	519,725	241,363
Total inventories	**107,558,236**	**93,274,784**

The item "*Inventories*" amounted to €107,558.2 thousand as at 31 December 2024 (€93,274.8 thousand as at 31 December 2023). The increase compared to the previous year of €14,283.5 thousand is mainly attributable to the increase in raw material and finished product inventories in stock at the end of the year and to the cost of the raw material.
Inventories are stated net of the write-down allowance amounting to €uro 4,975.9.

The changes in the write-down allowance are shown below:

	2024	2023
Starting balance	(5,238,021)	(4,569,107)
Provision	(1,129,542)	(2,044,508)
Uses and releases	1,404,318	1,375,594
Closing balance	**(4,975,896)**	**(5,238,021)**

NOTE 21 - TRADE RECEIVABLES

	31/12/2024	31/12/2023
Trade receivables	68,756,691	67,654,153
Amounts due from parent companies	25,981	21,683
Amounts due from subsidiaries	29,198,156	27,389,179
Total gross trade receivables	**97,980,827**	**95,065,016**

The item "*Trade receivables*," gross of the allowance for doubtful receivables, amounted to €97,980.8 thousand as at 31 December 2024 (€95,065.0 thousand as at 31 December 2023) and is made up as follows:

- "*Amounts due from customers*", whose increase with respect to the previous year is mainly linked to the rise in sales revenue registered during the year;
- "*Amounts due from the parent company*," which includes trade receivables due from Gruppo illy S.p.A. *and RAA S.p.A.*;
- "*Amounts due from subsidiaries*" includes trade receivables towards the following subsidiaries::

Name	31/12/2024	Within 12 months	Beyond 12 months	Beyond five years	31/12/2023
illy caffè North America Inc.	19,382,598	19,382,598			9,636,799
illycaffè France S.A.S.	5,108,997	5,108,997			2,528,410
Magic L'Espresso S.L.	(169,912)	(169,912)			279,303
Bar Finance International S.p.A.	26,683	26,683			19,344
illycaffè Sud America Comercio, Importaçao e Exportaçao Ltda	816,157	816,157			12,418,699
illycaffè Shanghai Co. Ltd.	71,332	71,332			494,185
illycaffè UK Ltd.	3,962,300	3,962,300			2,012,440
Total	**29,198,156**	**29,198,156**	**0**	**0**	**27,389,179**

Trade receivables are shown in the financial statements net of an allowance for doubtful receivables amounting to €4,361.4 thousand as at 31 December 2024 (€5,210.3 thousand as at 31 December 2023), allocated in relation to an estimation model that takes into account not only the estimated loss on impaired receivables, but also the expected losses on currently performing receivables.
The changes in the allowance for doubtful receivables are shown below:

	2024	2023	Change
Balance at the start of the year	(5,210,292)	(5,428,243)	217,951
Provisions	(744,367)	(828,985)	84,618
Uses and releases	1,593,283	1,046,936	546,347
Balance at the end of the year	**(4,361,375)**	**(5,210,292)**	**848,917**

During the year, the allowance for doubtful receivables increased by €744.4 thousand by way of a provision and decreased by €1,593.3 thousand due to use or release.
The credit quality of customers is assessed on the basis of an assessment of the creditworthiness of the customers, for whom individual credit limits are established. Open customer receivables and assets deriving from contracts are regularly monitored. At each balance sheet date, an impairment analysis is performed on receivables, using a matrix to measure the expected losses. Write-down percentages are determined on the basis of days past due and by grouping together customer receivables that are characterised by similar causes of impairment (geographic area and past due dates).

The calculation is based both on the probability of recovery of the receivable and on a historical analysis of losses on receivables, which have never been significant.

In addition, impaired trade receivables are subject to a specific write-down if legal action is taken.

The provision made during the financial year is affected by the allocation on specific positions, the adjustment of expected losses on receivables still performing and on the various bands of past due receivables not subject to a specific write-down.

The following table shows the distribution of trade receivables by geographic area, which does not take into account the allowance for doubtful receivables:

Receivables by Geographic Area	From Customers	From Subsidiaries	To Parent Companies	Total at 31/12/2024	Total at 31/12/2023
Brazil		816,157		816,157	12,418,699
France	58,424	5,108,997		5,167,421	2,545,996
Italy	23,471,141	26,683	25,981	23,523,804	22,205,655
Hong Kong	879,126			879,126	2,733,179
United States		19,382,598		19,382,598	9,637,999
Spain	4,620,630	(169,912)		4,450,718	3,676,882
Great Britain	2,250	3,962,300		3,964,550	2,024,710
China	5,743	71,332		77,075	1,456,815
Austria	1,977,955			1,977,955	1,579,788
Netherlands	3,119,912			3,119,912	3,732,674
Germany	3,306,125			3,306,125	3,162,483
Greece	10,166,109			10,166,109	6,970,987
Other countries	21,149,275			21,149,275	22,919,149
TOTAL	**68,756,691**	**29,198,156**	**25,981**	**97,980,827**	**95,065,016**

Trade receivables, net of the allowance for doubtful receivables, are shown in the table below:

	31/12/2024	31/12/2023
Trade receivables	97,980,827	95,065,016
Allowance for doubtful receivables	(4,361,375)	(5,210,292)
TOTAL	**93,619,452**	**89,854,724**

NOTE 22 - CURRENT TAX CREDITS

The comparison of these credits with those of the previous financial year is shown in the following table:

	31/12/2024	31/12/2023
Current tax receivables	6,792,329	5,389,865
TOTAL	**6,792,329**	**5,389,865**

This item includes tax credits for investments and R&D, credits for withholdings paid abroad and the balance of the VAT credit.

NOTE 23 - CURRENT FINANCIAL ASSETS

	31/12/2024	31/12/2023
Financial receivables from subsidiaries	5,164,757	5,786,511
Other financial receivables	324,805	257,577
Derivative financial instruments receivable		2,080,922
Total current financial assets	5,489,562	8,125,009

The item "*Current financial assets*" amounted to €5,164.8 thousand as at 31 December 2024 (€5,786.5 thousand as at 31 December 2023). This item includes €2,287.6 thousand in financing granted during the financial year by the Company to the subsidiary illycaffè Sud America. Furthermore, the item includes the credit balances of the centralised treasury management (cash pooling).
At the end of 2024 there were no derivative financial instruments outstanding at that date, while the balance of the item "*Current financial assets*" at 31 December 2023 was positive for €2,081.0 thousand relating to some derivative financial instruments outstanding at that date. The tables below show the receivable derivative financial instruments outstanding at 31 December 2024 (coffee, interest rate, and exchange rate derivatives) and at the end of the previous year (coffee and interest rate derivatives), their main characteristics and the book value corresponding to the *fair value* at those dates, calculated using the elements provided by the Bloomberg Mars application.

Coffee purchases

At 31 December 2024, The Company had no hedging transactions in place for coffee purchases.

At 31 December 2023, the Company has transaction hedging coffee purchases for a total of approximately 3,589 tonnes. The instruments used by the Company are called "*Commodity Swap Transactions*". The positive value of the "*Commodity Swap Transactions*" as at 31 December 2023 was €1,907.7 thousand.

On the settlement date of the derivative, the *Swap* contracts call for the settlement of the spread between the purchase price set on the start date of the derivative and the price of the underlying commodity as indicated on the New York Coffee Exchange.

Since these are cash flow hedges aimed at limiting the exposure to the risk of variability in the cash flows attributable to highly probable transactions, in the Balance Sheet the Company has recognised the *fair value* of the hedging instruments, supplying a counterpart in the net equity item "*Reserve for expected cash flow hedging transactions*".

Contract Type	Start date	Settlement date	Underlying value in EUR	Fair Value at 31/12/2023
SWAP	Aug-23	Feb-24	8,471,946	1,356,104
SWAP	Aug-23	Apr-24	953,281	551,633
			9,425,226	**1,907,738**

Exchange rate transactions

At 31 December 2024, the company had no hedging transactions in place on exchange rates that show a positive *fair value*.

At 31 December 2023, the Company had a forward sale of US dollars to cover the exposure to foreign currency receivables.

Contract Type	Start date	Settlement date	Notional in USD	Fair Value at 31/12/2023
AVERAGE RATE FORWARD	Oct-23	Dec-23	1,600,000	68,578
AVERAGE RATE FORWARD	Dec-23	Feb-24	5,880,000	104,606
			7,480,000	**173,184**

NOTE 24 - OTHER CURRENT ASSETS

	31/12/2024	31/12/2023
Consolidated tax credit	2,845,521	3,360,258
Receivables for advance payments	487,261	286,882
Receivables for reimbursements to be received	394,327	344,004
Accrued income and prepaid expenses	1,413,468	1,126,778
Other receivables	361,482	483,121
TOTAL	**5,502,059**	**5,601,043**

This item includes "*Other current assets*" and at year-end consisted mainly of:

- The "*Consolidated tax credit*," includes the receivable of the companies participating in the tax consolidation together with the parent company Gruppo Illy S.p.A. and derives from the calculation of the taxes relating to the current year, net of the advances paid in the period.
- "*Accrued income and prepaid expenses*" for €1,413.5 thousand as at 31 December 2024 (€1,126.8 thousand as at 31 December 2023), which reflect income and expenses that accrue before or after the receipt of cash. They do not take into account the payment or collection date of the related Accrued income and prepaid expenses that are common to two or more years and divisible over time.
- "*Other receivables*" for €361.5 thousand as at 31 December 2024 (€483.1 thousand as at 31 December 2023), which mainly includes receivables for reimbursements to be received from the Treasury from 730 (for €95.3 thousand), concessions and adjustments and receivables from the European Union for projects of the Company (for €216.1 thousand).

NOTE 25 - CASH AND CASH EQUIVALENTS

	31/12/2024	31/12/2023
Cash and equivalents on hand	145,662	175,790
Bank and post office deposits	46,430,887	23,482,440
TOTAL	**46,576,549**	**23,658,229**

This item consists mainly of the liquidity of Group companies deposited with primary banking institutions and remunerated at market conditions.
Please refer to the cash flow statement for a detailed analysis of the change during the year.

NOTE 26 - SHAREHOLDERS' EQUITY

At 31 December 2024, the "*Shareholders' equity*" totalled €161,239.7 thousand (€145,544.1 thousand as at 31 December 2023).

Share capital

The share capital as at 31 December 2024, fully subscribed and paid in, currently consists of 4,500,000 ordinary shares, with no par value, as per the resolution of the Shareholders' Meeting of 19 February 2021, which cancelled the treasury shares in the portfolio at 31 December 2020 (500,000 shares), equal to 10 % of its share capital, keeping the share capital unchanged.

Other reserves

These items break down as follows:

	31/12/2024	31/12/2023	Change
Extraordinary reserve	76,260,834	76,292,793	(31,959)
Reserve for capital grants	797,731	797,731	
Merger surplus	80,595	80,595	
Stock Option Reserve	1,161,835	643,745	518,089
Benefit plan reserve	(154,848)	(129,703)	(25,144)
Legal reserve	9,601,505	8,979,381	622,124
Reserve for expected cash flow of hedging transactions	(949,669)	1,696,757	(2,646,425)
Total Other Reserves	**86,797,984**	**88,361,299**	**(1,563,315)**

The item other reserves includes:

- The extraordinary reserve amounted to €76,260.8 thousand, which decreased by €32.0 thousand following the allocation of the profit of the previous financial year.
- The "Reserve capital grants" pursuant to Art. 55 of Italian Presidential Decree 917 was €797.8 thousand and represents 50% of the grants paid in previous years, in accordance with article 55 of the Consolidated Law on Corporate Income Tax (TUIR) then in force, relating to capital grants.
- The merger surplus reserve amounts to €80.6 thousand.
- The stock option reserve amounting to €1,161.8 thousand, which includes the effect on net equity resulting from the assignment of the stock option plans promoted in favour of management during the financial year ended 31 December 2024.
- The "Benefit plan reserve," amounted to €154.8 thousand, which includes the effect on shareholders' equity of the application of IAS 19.
- The legal reserve recognised by the Company as at 31 December 2024 was €9,601.5 thousand, which changed during 2024 at the time of the allocation of the profit for the previous year. This reserve is fed by the mandatory allocation of a sum not less than one twentieth of the annual net profits, until reaching an amount equal to one fifth of the share capital.
- The "Reserve for expected cash flow hedging transactions," includes the changes in the *fair value* of the effective component of financial derivatives hedging financial flows. This reserve is recorded net of the prepaid/deferred tax effect. The following table shows the changes of the reserve in question during the 2024 financial year.

Description	31/12/2023	Increase	Decrease	31/12/2024
Reserve for expected cash flow hedging transactions	1,696,757		(2,646,425)	(949,669)
TOTAL	**1,696,757**	**0**	**(2,646,425)**	**(949,669)**

The shareholders' equity items are broken down according to origin, possibility of use, distribution and use in the previous three years:

Nature/Description	Amount	Possibility of use (*)	Portion available	Uses in the 3 prev. yrs to cover Losses	Uses in the 3 prev. yrs for other reasons
Share capital	**50,000,000**				
Legal reserve	9,601,505	B			
Other reserves	77,139,160	A, B, C	77,139,160		42,677
Benefit plan reserve	(154,848)				
Stock option reserve	1,161,835				
Reserve expected cash flow hedging transactions	(949,669)		(949,669)		
Total Reserves	**86,797,984**		**76,189,492**		
Profit carried forward (including FTA reserve)	(5,259,724)				
Net operating result for the year	29,701,458				
Retained earnings and result for the period	**24,441,734**	**A, B, C**	**22,496,214**		
Total Company shareholders' equity	**161,239,717**		**98,685,705**		
Non-distributable portion					
Non-amortised development costs (art. 2426, no. 5 of the Italian Civil Code)			(4,457,444)		
Residual distributable share			**94,228,262**		
(*) A: for capital increase; B: to cover losses; C: for distribution to shareholders					

Distributions made and proposed

During the year, based on the Shareholders' Meeting held on 24 April 2024, dividends were distributed for €11,852.3 thousand.

The proposed dividends on ordinary shares for the year ending 31 December 2024 amounted to €16,819.1 thousand. These dividends are subject to approval by the Shareholders' Meeting and are not recognised as a liability as at 31 December.

Management incentive plan – Management Equity Plan 2022-2029

On 2 December 2022, the Board of Directors, after receiving the positive opinion expressed by the Appointments and Remuneration Committee on 29 November 2022, approved the regulations of the incentive plan entitled "*Management Equity Plan 2022-2029*" with the following characteristics:

- the plan envisages the free assignment of a maximum number of 600,000 options to the beneficiaries – directors and executives of strategic importance of the Parent Company or its subsidiaries – identified by name at the sole discretion of the Board of Directors;
- the vesting of the rights and, consequently, the allotment of the related shares is subject to the beneficiary's minimum term of employment with the company or one of its subsidiaries;
- the options, once vested upon fulfilment of the exercise conditions, entitle the beneficiaries to subscribe class G shares (without voting rights pursuant to the Articles of Association) resulting from a share capital increase with exclusion of option rights approved by the Extraordinary Shareholders' Meeting on 2 December 2022.

The Board of Directors may make any changes to the regulations that may be necessary and/or appropriate in relation, in particular, to the case of changes in the applicable legislation.

The determination of the *fair value* of the plan, which takes into account the current value of the share on the assignment date, the volatility, the expected dividend flow, the duration of the option and the risk-free rate, was entrusted to an independent external expert and was carried out by applying a closed-form option pricing method such as Black-Scholes (a methodology universally used for the valuation of options).

The costs related to this plan amount to €518.1 thousand in the 2024 financial year.

	Number of options
Options assignable by plan	600,000
Options assigned in 2022	294,996
Options to be assigned as at 31 December 2024	305,004

Through this plan, the company aims to incentivise and retain the beneficiaries according to the company's value growth in the medium to long term, aligning the interests of the beneficiaries with those of the shareholders of the Company over a multi-year time horizon.

NOTE 27 - NON-CURRENT FINANCIAL LIABILITIES

	31/12/2024	31/12/2023
Derivative financial instruments payable	1,249,564	
Amounts due for loans to other providers of finance	9,088,669	10,398,062
Amounts due for bank loans	100,780,557	5,501,725
Bond issues	28,000,000	42,000,000
TOTAL	**139,118,790**	**57,899,787**

"*Amounts due for bank loans*" amounting to €100,780.6 thousand as at 31 December 2024 (€5,501.7 thousand as at 31 December 2023) express the actual debt for capital, interest and ancillary charges accrued and payable for the non-current portion.
The table below summarises the maturity profile of payables for loans to other providers of finance, payables for bank loans and bond issues.

	Maturity in years			
	From 1 to 5 years	More than 5 years	31/12/2024	31/12/2023
Amounts due for bank loans	100,780,557		100,780,557	5,501,725
Bond issues	28,000,000		28,000,000	42,000,000
Amounts due for loans to other providers of finance	5,096,669	3,992,000	9,088,669	10,398,062
Total	**133,877,226**	**3,992,000**	**137,869,226**	**57,899,787**

The content of the Company's loans is specified below:

Medium-/Long-term Loans	Nominal Residual Amount	Start date	Maturity Date	Prepayments	Instalments
Loan 6	1,633,333	28/07/2010	30/06/2028	30 months	Half-yearly
Loan 20	100,000,000	23/04/2024	30/09/2027	36 months	2 instalments €50 Mio in 2027 (March_ September)
TOTAL	**101,633,333**				

Mortgage 6 is secured by a second mortgage on the Distripark logistics hub real estate complex, while Mortgage 20, disbursed in 2024 for €100,000.0 thousand with a 36-month pre-amortisation period, is secured by financial guarantees.
During the financial year, the Company signed new loans for a total of €100,000.0 thousand, closed loans for €74,729.0 thousand, while the amount of repayments against loans still in existence amounted to €15,464.7 thousand.

Some loans taken out over the years, include contractual clauses or *covenants* that set certain economic-financial parameters based on the results of the annual financial statements and/or the consolidated financial statements as at 31 December every year. If these covenants are not respected, the banks have the right to request early repayment of the remaining portion of the loans provided.

Based on the results of the financial statements of the Company and the consolidated financial statements as at 31 December 2024, the balance sheet and income statements *ratios* envisaged in the loan agreements, which refer to financial statements prepared in accordance with the Italian accounting standards, were respected.

With reference to loans, the *ratio financial covenants* laid down in contract and respected by the Group are reported below:

Ratio	Threshold
NFP/NP Ratio	1.70
NFP/EBITDA Ratio	4.00

The item "*Bond issues*" included the bond issued on 30 July 2015 by the Company, all of which was bought by the institutional investor Prudential Management Investment, for a total of $140 million, of which €70 million was disbursed during the same year.
The option to reach US $140 million expired during 2018 and no extension was renegotiated.

- The bond has the following features:
- maturity on 30 July 2027
- pre-amortisation until 30 July 2023;
- fixed rate of 3.35%;
- interest payments on 30 January and 30 July of each year.

Lastly, the bond issue agreement called for compliance with certain operating and financial covenants based on the figures of the consolidated financial statements as at 30 June and 31 December of each year. Based on the figures of the consolidated financial statements at 31 December 2024, on the basis of the Italian accounting standards, there was full compliance with the balance sheet and income statement ratios specified in the agreement.

The *financial covenants* for the bond issuela id down in the bond regulation and respected by the Company are shown below:

Ratio	Maximum threshold
Net worth ratio (NFP/Equity)	1.70
Maximum Leverage ratio (NFP/EBITDA)	4.00

At 31 December 2024, based on management expectations (Group plan until 2029 submitted to the Board of Directors of the Company on 16 December 2024), there are no circumstances expected that would suggest non-compliance with the *covenants* for the entire period of the plan.
"*Amounts due for loans to other providers of finance*":

Over the course of previous year, "Frie Loan 00050005449" was taken out, stipulated in November 2020 for €9,980.0 thousand with a duration of 10 years, with a pre-amortisation period, secured by a mortgage subsequent to the third on "Distripark" and a lien on equipment covered by the programme.

Payables to other Lenders	Nominal Residual Amount	Start date	Maturity Date	Prepayments	Instalments
FRIE loan 00050005449*	8,982,000	04/07/2023	01/07/2033		Half-yearly
TOTAL	**8,982,000**				

*of which the short-term position for € 998,0 thousand as referred in Note 32.

This item includes financial payables relating to capital goods subject to financial leases for the non-current portion amounting to €1,104.7 thousand.
"*Derivative financial instruments payable*" include the negative fair value at 31 December 2024 of the "Interest Rate Swap" contract in existence at said date and whose main characteristics and the book value corresponding to the fair value, are shown below.

Interest rate transactions

At 31 December 2024, the Company has an "*Interest Rate Swap*" contract with negative *fair value*, the main characteristics of which and the carrying amount corresponding to the *fair value* at said date, are shown on the following table:

Contract Type	Start date	Settlement date	Currency	Notional at 31/12/2024	Fair Value at 31/12/2024	Fixed Rate (Paid)	Variable rate (collected)
IRS	30/04/2024	30/09/2027	EUR	50,000,000	(1,249,563)	3.148%	Euribor 3M
				50,000,000	**(1,249,563)**		

At 31 December 2023, the Company had no "*Interest Rate Swap*" contracts, with a negative *fair value*.

NOTE 28 - CURRENT AND NON-CURRENT LEASE LIABILITIES

Financial liabilities for current and non-current leases refer to the payable that arose as a result of the application of IFRS 16 as from 1 January 2023 and refer to the contracts in place for the rental of buildings, leasing of equipment and vehicles, used in operating units. The liability recognised corresponds to that arising from the non-cancellable period of the contract, together with the best estimate of the effects related to the extension or early termination clauses the exercise of which was deemed reasonably certain.

In addition, the Company has a number of leases for machinery and vehicles whose duration is equal to or less than 12 months and low-value office equipment. The Company has chosen to apply the exemptions envisaged by IFRS 16 regarding short-term or low-value leases for these contracts.

The following provides information on the financial statement values of lease liabilities and their changes during the period:

	Store & building	Means of transport	Industrial and commercial equipment	Other rights-of-use	Total
Opening balance at 01/01/2023	**12,519,252**	**1,817,710**	**523,064**	**1,149,824**	**16,009,851**
New contracts	3,480,097	1,542,637	13,848	176,443	5,213,025
Interest	371,531	76,454	11,433	33,525	492,942
Payments	(4,063,541)	(1,434,581)	(254,328)	(575,927)	(6,328,377)
Exchange differences	81,265				81,265
Closing balance at 31/12/2023	**12,388,604**	**2,002,220**	**294,017**	**783,864**	**15,468,706**
New contracts	6,726,097	1,513,293	579,770	93,747	8,912,907
Interest	373,988	127,720	23,945	24,701	550,353
Payments	(8,372,331)	(1,636,910)	(307,973)	(391,254)	(10,708,468)
Closing balance at 31/12/2024	**11,116,359**	**2,006,323**	**589,759**	**511,057**	**14,223,498**

	31/12/2024	31/12/2023
Current lease liabilities	3,964,601	4,056,100
Store & building	2,451,323	2,556,263
Means of transport	1,032,664	955,678
Industrial and commercial equipment	166,818	195,619
Other rights-of-use	313,796	348,540
Non-current lease liabilities	10,258,898	11,412,606
Store & building	8,665,036	9,832,341
Means of transport	973,660	1,046,542
Industrial and commercial equipment	422,940	98,398
Other rights-of-use	197,262	435,325

The maturity profile of non-current lease liabilities is shown.

	31/12/2024	31/12/2023
From 1 to 5 years	**8,268,195**	**9,238,646**
Non-current lease store & building	6,674,334	7,658,382
Non-current lease Means of transport	973,659	1,046,542
Non-current lease Industrial and commercial equipment	422,940	98,398
Non-current lease Other rights-of-use	197,262	435,325
More than 5 years	**1,990,702**	**2,173,959**
Non-current lease store & building	1,990,702	2,173,959
Non-current lease means of transport		
Non-current lease industrial and commercial equipment		
Non-current lease Other rights-of-use		

Below is a breakdown of the effects recognised in the income statement:

	2024	2023
Amortisation of right-of-use assets	4,799,281	4,692,685
Interest expense on lease agreements	635,300	549,976
Total amount in income statement	**5,434,581**	**5,242,661**

NOTE 29– OTHER NON-CURRENT LIABILITIES

	31/12/2024	31/12/2023
Accrued expenses and deferred income	3,253,989	3,797,084
TOTAL	**3,253,989**	**3,797,084**

The item includes the following:

Description	31/12/2024	31/12/2023	Change
Deferred Income			
Grants receivable	2,654,511	3,299,593	(645,082)
Other	599,478	497,491	101,987
Total Deferred Income	3,253,989	3,797,084	(543,095)
Total accrued expenses and deferred income	**3,253,989**	**3,797,084**	**(543,095)**

As of 31 December 2024, deferred income with a duration of more than 5 years amount a €78.6 thousand and are related to accrued income on grants receivable.

NOTE 30 - EMPLOYEE BENEFITS

The item mainly includes the debt for employee severance indemnity and post-employment benefits of Company. It should be noted that the increase in interest rates has caused a decrease in the current value of the funds compared to the previous period.

The changes in the item are detailed below:

Obligations for defined benefits as at 1.1.2023	2,626,369
Benefits paid	(323,136)
Service cost	79,897
Financial expense	66,348
Actuarial gains and losses	(76,315)
Obligations for defined benefits as at 31.12.2023	2,373,162
Benefits paid	(245,215)
Service cost	5,856
Financial expense	57,174
Actuarial gains and losses	33,085
Obligations for defined benefits as at 31.12.2024	2,224,062

The way in which these benefits are guaranteed varies depending on the legal, fiscal and economic conditions of each country in which operates.

The valuation of the employee severance indemnity (TFR) debt for IAS/IFRS purposes follows the method of projecting the current value of the defined benefit obligation with an estimate of the benefits accrued by employees.

Following the changes introduced by Italian Law No. 296 of 27 December 2006 ("2007 Budget Law") and subsequent implementing decrees and regulations, the portion of leaving indemnities accrued up to 31 December 2006 will continue to remain with the company, taking on the form of a defined benefit plan (obligation for accrued benefits subject to actuarial valuation), while the portions accruing from 1 January 2007 onwards, as a result of the choices made by employees during the year, will be allocated to supplementary pension schemes or transferred by the company to the treasury fund managed by INPS, taking on the form, from the moment the choice is formalised by the employee, of defined contribution plans (no longer subject to actuarial valuation). The determination of the TFR is therefore the result of the application of an actuarial model that is based on various assumptions, both demographic and economic in type.

The table below shows the economic technical bases used:

	31/12/2024	31/12/2023
Annual discount rate	3.41%	3.71%
Annual inflation rate	2.00%	2.00%
Advance rate	0.93% - 3.06%	0.91% - 3.06%
Staff turnover rate	6.16% - 17.08%	6.00% - 12.57%

In particular, we note that the annual discount rate used to determine the current value of the obligation was inferred, consistently with point 83 of IAS 19, with reference to market yields, at the closing year-end date, of bonds of primary companies referring to Italian companies.

NOTE 31 - NON-CURRENT PROVISIONS

	31/12/2024	31/12/2023
Agents' leaving indemnity provision	2,219,557	2,104,677
Provisions for risks and charges	4,899,501	9,288,152
TOTAL	**7,119,058**	**11,392,829**

The "*Provisions for risks and charges*" totalling €4.899,5 thousand are represented by the allocations made for legal

and tax disputes for €2,598.7 thousand, for commercial disputes for €1,015.8 thousand and for early retirement incentives for €1,285.0 thousand.
In 2016, the Company received notification of two notices of assessment issued by the FVG (Friuli Venezia Giulia) Regional Revenue Agency for IRES and IRAP purposes for the 2011 tax period, concerning higher revenues hypothesised on intragroup transactions and other minor items for IRAP purposes. The appropriate documentation prepared by the company has allowed the removal of the sanctions. The total amount requested is € 1.15 million, plus interest. With the judgement of 32/2019 delivered on 20/11/2018 and filed on 5/02/2019, Section 1 of the Trieste Provincial Tax Commission upheld both appeals and cancelled the assessments. In August 2019, the FVG Regional Revenue Directorate appealed this ruling to the Regional Tax Commission and filed an injunction with an appeal served at the end of October of the same year. Following a postponement, the hearing before the FVG 2nd instance Tax Court was set for 3 April 2023. With the ruling dated 17 July 2023, the Tax Justice Court upheld the first instance ruling in favour of the company. At 31 December 2024, the dispute has been settled.

On 5 February 2020, the FVG Regional Revenue Directorate initiated a general tax audit for the 2017 tax period, which was shortly after suspended due to the Covid-19 emergency. The inspections resumed in February 2023. On 27 July 2023, the Regional Revenue Agency notified a findings report (PVC) through which the Office recalculated higher IRES due for the year 2017 amounting to € 202 thousand and informed the company that certain audits on the documentation provided were still ongoing. The company partially accepted the findings covered by the PVC and paid higher taxes plus penalties and interest. During 2024, the Company proceeded to define the further findings notified by the Office through verification with acceptance and special voluntary settlement.

The "*Agents' leaving indemnity provision*" amounting to €2,219.6 thousand is set aside to meet indemnities that the Company is obliged to pay agents in the event that the agency relationship is terminated upon the initiative of the Company, or in the event of the agent's death, permanent disability or retirement. This indemnity is not however due if the agency relationship is terminated on the agent's initiative, or for just cause. The provision is made in accordance with collective financial agreements and mentioned in agency contracts stipulated with the agents.

The main assumptions used in the actuarial estimate of the "Agents' leaving indemnity provision" are the following:

	Italy	
	2024	2023
Economic assumptions		
Discount rate	3.52%	3.82%
Demographic assumptions		
Probability of mortality	ISTAT 23 mortality tables broken down by gender and reduced to 85%	ISTAT 22 mortality tables broken down by gender and reduced to 85%
Probability of disability	INPS tables reduced to 70%	INPS tables reduced to 70%
Probability of outgoing personnel	0.10% with just cause 7.81% without just cause	0.10% with just cause 8.73% without just cause

NOTE 32 - CURRENT FINANCIAL LIABILITIES

	31/12/2024	31/12/2023
Amounts due for bond issues	14,000,000	14,000,000
Amounts due for bank loans	473,641	71,333,688
Amounts due for loans to other providers of finance	1,309,393	1,301,962
Derivative financial instruments payable	222,362	
TOTAL	**16,005,396**	**86,635,651**

The balance of the item in question comprises:
"*Amounts due for bond issues*" represents the short-term portion of the bond issue explained in note 27;

"*Amounts due for bank loans*" for €473.6 thousand (€71,333.7 thousand as at 31 December 2023) reduced following the bank debt consolidation with a pool of leading banking institutions, as better described in note 27;

"*Amounts due for loans to other lenders*" for €1,309.4 thousand (€1,302.0 thousand as of 31 December 2023) represent the short-term debt of financial leases for €311.4 thousand and the short-term portion of the Frie loan for €998.0 thousand;

"*Derivative financial instruments payable*" for €222.4 thousand as payable derivatives to hedge the exchange rate on commercial positions in dollars and pound sterling foreign currencies, as detailed below.

Exchange rate transactions

At 31 December 2024, the outstanding foreign exchange transactions show a negative fair value, as reported in the following table:

Contract Type	Start date	Settlement date	Notional in EUR	Fair Value at 31/12/2024
AVERAGE RATE FORWARD	Oct-24/Nov-24/Dec-24	Jan-25	4,169,518	(111,127)
AVERAGE RATE FORWARD	Nov-24/Dec-24	Feb-25	6,675,660	(90,952)
AVERAGE RATE FORWARD	Dec-24	Mar-25	2,660,906	(20,283)
			13,506,085	**(222,362)**

At 31 December 2023, the Company had no transactions in place on exchange rates that show a negative *fair value*.

NOTE 33 - TRADE PAYABLES

	31/12/2024	31/12/2023
Trade payables	106,652,240	92,012,163
Payables due to subsidiaries	14,287,770	3,583,103
TOTAL	**120,940,010**	**95,595,265**

"*Payables to suppliers*" are recorded net of trade discounts, do not include the payment of interest and are on average settled within 60 days.
The following is the breakdown of trade payables as of 31 December 2024 by geographic area:

Payables by Geographic Area	To Suppliers	Total to subsidiaries	Total at 31/12/2024	Total at 31/12/2023
Italy	85,182,497	2,737,919	87,920,416	79,657,108
Netherlands	7,560,377		7,560,377	4,386,878
Spain	2,016,725	(85,954)	1,930,771	1,412,621
France	135,115	916,227	1,051,342	195,638
United States	375,279	8,432,161	8,807,440	559,750
Austria	464,111		464,111	1,643,341
Germany	1,078,124		1,078,124	1,271,464
Brazil		1,922,001	1,922,001	
China	282,899	253,843	536,743	979,740
Great Britain	212,635	111,573	324,208	191,445
Hong Kong				56,651
Switzerland	7,480,388		7,480,388	2,695,009
Other countries	1,864,089		1,864,089	2,545,619
TOTAL	**106,652,240**	**14,287,770**	**120,940,010**	**95,595,265**

Payables due to subsidiaries consist of the following:

Name	31/12/2024	Within 12 months	Beyond 12 months	Beyond five years	31/12/2023
illy caffè North America Inc.	8,432,161	8,432,161			326,077
illycaffè France S.A.S.	916,227	916,227			37,569
Magic L'Espresso S.L.	(85,954)	(85,954)			(69,268)
Bar Finance International S.p.A.	2,737,919	2,737,919			2,354,213
Experimental Agricola do Brasil	1,922,001	1,922,001			
illycaffè Shanghai Co. Ltd.	253,843	253,843			854,969
illycaffè UK Ltd.	111,573	111,573			79,540
Total	**14,287,770**	**14,287,770**	**0**	**0**	**3,583,102**

NOTE 34 - OTHER CURRENT LIABILITIES

	31/12/2024	31/12/2023
Indirect tax payables	22,738	
Other current tax payables	1,930,954	1,772,690
Payables to social security and pension organisations	5,374,257	4,588,952
Amounts due to employees and directors	8,502,125	7,970,924
Payables to parent company	5,098,478	3,341,438
Accrued expenses and deferred income	2,234,928	3,391,323
Other current liabilities	2,661,842	1,166,972
TOTAL	**25,825,322**	**22,232,299**

"*Payables to parent company*" for €5,098.1 thousand represent the debt of the Company for participation in the tax consolidation together with the parent company RAA S.p.A. and derives from the calculation of taxes relating to the current year, net of advances paid during the period.
"*Other current tax payables*" mainly consist of withholding tax payables for withholding taxes on salaries and wages for €1,927.8 thousand and of "Coffee tax payables" of the German branch for €3.1 thousand.

The item "*Amounts due to welfare and social security institutions*" refers to payables due at year-end to these organisations for the portion borne by Group companies and employees relating to salaries and wages for the month of December 2024, as well as the payables for social security contributions relating to the Company's sales network.

"*Amounts due to employees and directors*" are inherent to the remuneration accrued as of the year end date, as well as holiday entitlement accrued and not taken as of the same date.

The composition of the item "Accrued liabilities and deferred income" is shown below:

Description	31/12/2024	31/12/2023	Change
Accrued expenses			
Interest payable	817,222	2,084,636	(1,267,413)
Other	1,989		1,989
Total Accruals	819,211	2,084,636	(1,265,425)
Deferred Income			
Grants receivable	1,116,439	622,939	493,501
Rent	2,568	3,403	(835)
Other	296,710	680,347	(383,637)
Total Deferred Income	**1,415,717**	**1,306,688**	**109,029**
Total accrued expenses and deferred income	**2,234,928**	**3,391,323**	**(1,156,395)**

The item *"Interest expense"* mainly comprises the portion of interest accrued on the bond issue, whose semi-annual instalment falls due on 30 January of the following year.
The item *"Grants receivable"* of Deferred Income includes the portions of grants for equipment relating to investments falling under the benefits of Industry 4.0.

NOTE 35 - CURRENT PROVISIONS

	31/12/2024	31/12/2023
Product warranty provision	326,554	432,584
TOTAL	**326,554**	**432,584**

The "*Product warranty provision*" amounting to €326.6 thousand represents the amount set aside for this purpose for sales of espresso machines under warranty. The amount of the provision reflects the best estimate of possible work to be carried out over the years of the duration of the warranty and was increased during the year by €259.0 thousand and utilised for €365.0 thousand for work performed.

NOTE 36 - CONTRACT LIABILITIES

	31/12/2024	31/12/2023
Provision for returned goods	67,328	52,264
Prize transactions provision	536,151	408,409
TOTAL	**603,479**	**460,674**

The "*Provision for returns*" amounting to €67.3 thousand represents the best estimate of product returns made in 2024. The "*Prize transaction provision*" amounting to €536.2 thousand is linked to loyalty programmes outstanding, which allow customers to accumulate points that can be redeemed for free with products, discounts or promotional codes. Loyalty points entail an separate obligation to perform with respect to the sales of products made in the meantime to customers as they provide an additional material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers on the basis of the related stand-alone sales price and recognised as an obligation to perform as long as the points are used. Consequently, a reduction in sales revenue is estimated in the presence of a current contractual liability. Revenue is recognised when the products are redeemed by the customer.

In assessing the stand-alone price of loyalty points, the Company considers the probability that the customer will redeem the points. The Company updates its estimates of points that will be redeemed quarterly and any adjustments to the balance of contractual liabilities are posted to revenues.

NOTE 37 - CURRENT TAX PAYABLES

	31/12/2024	31/12/2023
Current tax payables	1,251,095	105,999
TOTAL	**1,251,095**	**105,999**

"*Current tax payables*" include IRAP liabilities for €286.3 thousand of the Company and the tax liabilities of European permanent organisations.

NOTE 38 - FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

The following table shows the breakdown of the assets and liabilities as at 31 December 2024 measured at *fair value* (positive/negative in euros) and their hierarchical level is indicated.

Derivative contracts	Level 1 (prices quoted in an active market)	Level 2 (observable significant inputs)	Level 3 (unobservable significant inputs)
Interest rate swap		(1,249,563)	
Foreign currency forward sales agreements		(222,362)	
Commodity swap transaction on raw materials		0	
Call options on raw materials		0	
Total		**(1,471,925)**	

The assets and liabilities as at 31 December 2023 measured at *fair value* and their hierarchical level were as follows:

Derivative contracts	Level 1 (prices quoted in an active market)	Level 2 (observable significant inputs)	Level 3 (unobservable significant inputs)
Interest rate swap		324,837	
Foreign currency forward sales agreements		0	
Commodity swap transaction on raw materials		0	
Call options on raw materials		1,907,738	
Total		**2,232,575**	

During 2024, there were no transfers between levels.

NOTE 39 – COMMITMENTS, GUARANTEES AND POTENTIAL LIABILITIES

Guarantees

At the year-end date, the Company had the following direct and indirect guarantees given to third parties for a total of €1,474.5 thousand:

Guarantor	Party guaranteed	Amount
Unicredit Banca	Ministry of Economic Development – cumulative guarantees	250,000
BNL	illy Shop Porta Nuova, Milan	201,910
BNL	illy Shop ARP, Rome	51,000
BNL	Trieste Chamber of Commerce - illy Shop Trieste	40,147
Unicredit	Porta di Roma shopping gallery	127,000
BNL	Albergo Nazionale Srl - illy Montecitorio	10,950
BNL	Bloomfleet - Telepass	39,000
BNL	Reale Immobile SpA - Milan Offices	80,000
BNL	Venice Gardens Foundation non-profit - illy Venice	220,000
BNL	Generali Reale Estate - Ponterosso	20,000
BNL	Finnapo Srl - illy Montenapoleone	314,989
Unicredit Banca	Generali Reale Estate - Citylife	28,019
BNL	Singapore Airlines Ltd Singapore	33,378
DEU	New offices Sucursal en Espana	58,128
TOTAL		**1,474,520**

Commitments

At 31 December 2024, there are no commitments not represented in the financial statements.

Potential liabilities

The Company is not currently subject to particular risks, uncertainties or legal disputes exceeding the amounts already set aside in the financial statements. Usual tax audits are reported as part of periodic monitoring activities and, at the moment, no particularly relevant findings have emerged and in any case the Company is confident in the correctness of its conduct.

NOTE 40 - RELATED PARTIES DISCLOSURE

As part of its ordinary business management, the company has commercial and financial relationships with other related companies of the Group. Relations between companies are carried out at market conditions, taking into account the quality of the goods and services provided. The company also provides centralised cash management services for most of the subsidiaries and information system services for most of the subsidiaries and for the parent company. These services are governed by specific service framework agreements. It should also be noted that the credit and debit relationships with the parent company derive mainly from adherence to national tax consolidation.

The following are the relationships with parent companies, directly or indirectly controlled companies, associates and other related parties.

	Trade receivables	Current financial assets	Other current assets	Trade payables
Parent Company				
Gruppo Illy S.p.A.	25,336		2,845,621	
RAA S.p.A.	644			
Direct subsidiaries				
illy caffè North America Inc.	19,382,598			
illycaffè France S.A.S.	5,130,265			141,582
Magic L'Espresso S.L.	(169,912)			23,717
Bar Finance International S.p.A.	26,683			
Experimental Agricola do Brasil Ltda				1,922,001
illycaffè Sud America Comercio, Importacao e Exportacao Ltda	816,157	2,287,580		
illycaffè Shanghai Co. Ltd.	71,332			253,843
illycaffè UK Ltd.	3,962,300	2,877,177		111,573
Indirect subsidiaries				
illy espresso Canada Inc.				
Equity investments in associates				
Kafea Terra Food & Drinks S.A.	9,815,261			
Illycafè Thalwil AG	285,959			
Other related parties				
Fondazione Ernesto Illy				
Blitz Srl				
Picture of Change				12,949
Amarey Srl	431			4,619
TOTAL	**39,347,056**	**5,164,757**	**2,845,621**	**2,470,285**

Current financial liabilities	Other current liabilities	Intangible assets	Revenues from sales and others revenues	Cost of production	Interest income and other financial income	Interest payable and other financial charges
			39,715			
	5,098,478		528			
8,432,161			66,316,133		152,563	18,499
774,645			20,991,013	576,566	69,912	4,077
			43,992	5,569,896		
2,737,919			25,564		100	104,183
			72,259	77,475,851		
			3,278,393		296,358	
			353,778			
			14,355,802	109,859	249,143	
			4,528			
			30,716,213			
			1,085,879			
				475,000		
				3,440		
		10,614				
			3,017	3,786		
11,944,725	**5,098,478**	**10,614**	**137,286,815**	**84,214,399**	**768,077**	**126,759**

SUBSEQUENT EVENTS

There are no significant events reported after the balance sheet date.

illycaffè S.p.A.

Chairman of the Board of Directors

Andrea Illy

Annexes: Transition to IFRS international accounting standards

The accounting standards and valuation criteria set out in the relevant section of these explanatory notes have been applied in preparing the Company's financial statements as of 31 December 2024, as of 31 December 2023 and in preparing the opening IFRS financial statements as of 1 January 2023 (transition date).

In preparing the opening IFRS financial statements, the Company has adjusted the amounts previously presented in the financial statements prepared in accordance with OIC Italian accounting standards.

Furthermore, reclassifications were made with respect to the classifications envisaged by the accounting standards applied previously in order to adapt the values to the financial statement formats required by IAS 1.

In particular, it should be noted that the statement of financial position, in accordance with IFRS, provides for the break-down of items between current and non-current, while the income statement provides for a layout with the items presented by nature (option chosen by the Company) or by destination.
The cash flow statement is prepared up according to the indirect method.
As required by the IFRS 1 standard, at the date of transition to IAS/IFRS international accounting standards (1 January 2023), an opening statement of financial position was drawn up in which:

- only assets and liabilities that can be recorded according to IAS/IFRS standards were recognised;
- assets, liabilities and shareholders' equity components have been reclassified on the basis of the indications provided by IFRS;
- IFRS have been applied to all recognised assets and liabilities.

In order to illustrate the effects of the transition to IFRS on the financial statements restated in accordance with these standards, this document provides the reconciliations required by paragraph 24 of IFRS 1.

This information concerns the impact that the conversion to IFRS has had, with reference to 2023, on the statement of financial position, the economic performance and the cash flows presented.

For this purpose, the following have been drawn:

- the notes regarding the rules for first-time application of IFRS/IFRS (IFRS 1) and other selected IAS/ IFRS standards, including the Directors' assumptions on the IFRS standards and interpretations that came into force and the accounting policies adopted when preparing the first set of financial statements as of 31 December 2024;
- the reconciliation statements of the balance sheets at 1 January 2023 and 31 December 2023, reported in the financial statements drawn up according to the previous accounting standards with those resulting from the application of the IAS/IFRS;
- the reconciliation statements of the balance sheets, reported in the financial statements drawn up according to the previous accounting standards (financial year 2023) with those deriving from the application of the IAS/IFRS;
- the notes for the above-stated reconciliation statements.
- The reconciliation statement of the cash flow statement for the 2023 financial year is not presented as the effects deriving from the application of the IAS/IFRS international accounting standards are not significant.

The opening statement of financial position as of 1 January 2023, the income statement for the 2023 financial year and the statement of financial position as of 31 December 2023, have been prepared in compliance with the entire hierarchy of pronouncements issued by the IASB, including the IAS, the IFRS and the interpretations issued by the IFRIC or the previous SIC, as approved by the European Community.

The effect of the adjustment of the opening balances of assets and liabilities to the new standards was reflected in the opening shareholders' equity at the transition date (1 January 2023) in a specific *First Time Adoption* reserve, net of the tax effect.

Considering that the Company has been preparing its consolidated financial statements in accordance with IAS/ IFRS since the 2021 financial year (*First Time Adoption* on 1 January 2020), in compliance with the provisions of IFRS 1, the Company has valued the assets and liabilities in these financial statements at the same accounting values recorded in its consolidated financial statements.

The transition to the IAS/IFRS entailed the maintenance of the estimates previously formulated according to Italian accounting standards, unless the adoption of IFRS required the formulation of estimates according to different methods.

OPTIONAL EXEMPTIONS ADOPTED BY THE COMPANY

Within the scope of the options permitted by IFRS 1, for the preparation of the first financial statements in accordance with IAS/IFRS, the Company has taken the following decisions:

- *valuation of property, plant and equipment and intangible assets*: the Company has decided not to avail itself of the option under IFRS 1 which allowed these assets to be measured at fair value as a substitute for cost. Therefore, property, plant and equipment were valued at the transition date at their historical cost, net of accumulated depreciation/amortisation and impairment losses;
- *business combinations*: the Company, in accordance with what is permitted by IFRS 1, has not retroactively applied IFRS 3 to business combinations that occurred before the transition date to IFRS, which are therefore accounted for at the same values determined on the basis of the previous Accounting Standards. In addition, in compliance with the requirements of IFRS 1, and in particular in situations where the parent company applies IAS/IFRS for the first time to its separate financial statements after having prepared the consolidated financial statements in accordance with the same, the Company has valued its assets and liabilities at the same amounts presented in its consolidated financial statements;
- *Investments in subsidiaries, joint ventures and associates*: the Company has decided, in accordance with paragraph 10 of IAS 27, to recognise, in its Separate financial statements, its investments in subsidiaries, joint ventures and associates at cost.
- *Employee benefits*: in the actuarial valuation of "Defined Benefit Plans," the Company has decided not to avail itself of the option to recognise actuarial gains and losses immediately in the financial year in which they arise in a shareholders' equity reserve but to retroactively recalculate this amount. Therefore, at the transition date, all actuarial losses and gains accumulated from previous financial years were recognised in this reserve.

Reconciliation between Italian standards and IFRS of the Shareholders' Equity at 1 January and 31 December 2023, and of the 2023 financial year result.

		NP 01/01/2023	Other changes, including OCI	Result for the year 2023	NP 31/12/2023
Amounts ITA GAAP	**Notes**	**144,936,883**	**(7,089,626)**	**12,442,489**	**150,289,746**
Adjustments FTA:					
Leasing (IFRS 16)	a	418,633		(211,527)	207,106
Inventories adjustments (IAS 2)	b	(2,978,643)		602,086	(2,376,557)
Actuarial valuation of employee severance indemnity (TFR) (IAS 19)	c	80,194	58,000	(28,399)	109,795
Actualisation of the Agents' leaving indemnity provision (IAS 37)	d	253,734		56,121	309,854
Recognition of provisions (IAS 37)	d	(1,480,414)			(1,480,414)
Reversal of intangible assets not eligible for capitalization (IAS 38)	e	(4,804,340)	4,869	2,312,140	(2,487,331)
Goodwill adjustment and related amortisation reversal (IAS 36)	f	(442,197)		1,626,390	1,184,193
Reversal of revaluations of assets from previous years	g	(215,911)		3,584	(212,328)
Recognition of management incentive plans (IFRS 2)	h		596,363	(596,363)	
Total adjustments net of tax effects		**(9,168,944)**	**659,232**	**3,764,032**	**(4,745,682)**
IFRS/ IFRS Standards		**135,767,939**	**(6,430,394)**	**16,206,521**	**145,544,064**

RECONCILIATION OF STATEMENT OF FINANCIAL POSITION AS AT 1 JANUARY 2023

	01/01/2023 ITA GAAP Reclassified	Reclassifications	Adjustments	01/01/2023 IAS/IFRS
Non-current assets				
Property, plant and equipment	100,662,001		(910,297)	99,751,704
Goodwill	6,534,690		(442,197)	6,092,493
Intangible assets	30,430,432		(5,960,496)	24,469,936
Right-of-use assets			18,943,901	18,943,901
Equity investments and other non-current financial assets	59,238,685			59,238,685
Other non-current assets	304,667	304,547		609,214
Deferred tax assets	6,373,305		3,242,942	9,616,246
Total non-current assets	203,543,780	304,547	14,873,852	218,722,179
Current assets				
Inventories	114,279,902		(4,135,985)	110,143,918
Trade receivables	86,919,293			86,919,293
Current tax receivables	4,497,748			4,497,748
Current financial assets	12,037,406			12,037,406
Other current assets	5,948,619	(304,547)	(327,132)	5,316,941
Cash and cash equivalents	10,807,185			10,807,185
Total current assets	**234,490,153**	**(304,547)**	**(4,463,116)**	**229,722,490**
Assets held for sale				
Total assets	**438,033,933**	**0**	**10,410,736**	**448,444,669**
Shareholders' equity				
Share capital	50,000,000			50,000,000
Other reserves	87,734,789		(140,321)	87,594,468
Retained earnings and result for the period	7,202,094		(9,028,624)	(1,826,530)
Total shareholders' equity	**144,936,883**		**(9,168,945)**	**135,767,938**
Non-current financial liabilities	112,813,102		1,720,024	114,533,126
Non-current lease liabilities			12,026,327	12,026,327
Other non-current liabilities		1,916,267		1,916,267
Employee benefits	2,731,887		(105,519)	2,626,369
Non-current provisions	10,055,273		1,128,495	11,183,767
Non-current contractual liabilities				
Deferred tax liabilities	**398,564**		**530,120**	**928,684**
Total non-current liabilities	125,998,826	1,916,267	15,299,448	143,214,541
Current financial liabilities	39,093,288		296,710	39,389,998
Current lease liabilities			3,983,523	3,983,523
Trade payables	107,222,897			107,222,897
Other current liabilities	18,101,070	(1,916,267)		16,184,803
Current provisions	2,446,364			2,446,364
Contract liabilities	234,606			234,606
Total current liabilities	**167,098,225**	**(1,916,267)**	**4,280,233**	**169,462,191**
Liabilities relating to assets held for sale				
Total liabilities	**293,097,050**	**0**	**19,579,681**	**312,676,731**
Total Liabilities and Shareholders' equity	**438,033,933**	**0**	**10,410,736**	**448,444,669**

RECONCILIATION OF STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	31/12/2023 ITA GAAP Reclassified	Reclassifications	Adjustments	31/12/2023 IAS/IFRS
Non-current assets				
Property, plant and equipment	101,097,358		(716,166)	100,381,191
Goodwill	4,908,300		1,184,193	6,092,493
Intangible assets	28,732,069		(2,981,511)	25,750,558
Right-of-use assets			17,906,152	17,906,152
Equity investments and other non-current financial assets	58,402,201			58,402,201
Other non-current assets	238,808	280,207		519,015
Deferred tax assets	6,172,567		2,260,878	8,433,445
Total non-current assets	199,551,302	280,207	17,653,545	217,485,055
Current assets				
Inventories	96,575,698		(3,300,915)	93,274,784
Trade receivables	89,854,724			89,854,724
Current tax receivables	5,389,865			5,389,865
Current financial assets	8,125,009			8,125,009
Other current assets	6,301,860	(280,207)	(420,609)	5,601,043
Cash and cash equivalents	23,658,229			23,658,229
Total current assets	**229,905,385**	**(280,207)**	**(3,721,524)**	**225,903,654**
Assets held for sale				
Total assets	**429,456,687**	**0**	**13,932,022**	**443,388,708**
Shareholders' equity				
Share capital	50,000,000			50,000,000
Other reserves	87,847,257		514,042	88,361,299
Retained earnings and result for the period	12,442,489		(5,259,724)	7,182,765
Total shareholders' equity	**150,289,746**		**(4,745,682)**	**145,544,064**
Non-current financial liabilities	56,483,725		1,416,062	57,899,787
Non-current lease liabilities			11,412,606	11,412,606
Other non-current liabilities		3,797,084		3,797,084
Employee benefits	2,517,629		(144,467)	2,373,162
Non-current provisions	10,342,171		1,050,657	11,392,829
Deferred tax liabilities	**867,824**		**582,783**	**1,450,606**
Total non-current liabilities	70,211,348	3,797,084	14,317,641	88,326,073
Current financial liabilities	86,331,688		303,962	86,635,651
Current lease liabilities			4,056,100	4,056,100
Trade payables	95,595,265			95,595,265
Other current liabilities	26,029,382	(3,797,084)		22,232,299
Current provisions	432,584			432,584
Contract liabilities	460,674			460,674
Current tax payables	105,999			105,999
Total current liabilities	**208,955,592**	**(3,797,084)**	**4,360,063**	**209,518,571**
Liabilities relating to assets held for sale				
Total liabilities	**279,166,941**	**0**	**18,677,704**	**297,844,645**
Total Liabilities and Shareholders' equity	**429,456,687**	**0**	**13,932,022**	**443,388,708**

RECONCILIATION OF THE INCOME STATEMENT FOR THE 2023 FINANCIAL YEAR

	2023 ITA GAAP Reclassified	Adjustments	2023 IAS/IFRS
Revenues	493,809,805		493,809,805
Other operating income	11,889,891	75,390	11,965,280
Total net revenues	**505,699,695**	**75,390**	**505,775,085**
Changes in inventories of finished and semi-finished products	(3,649,932)	835,070	(2,814,862)
Consumption of raw, ancillary and consumable materials and goods for resale	(254,021,161)		(254,021,161)
Costs for employee benefits	(75,645,554)	(567,383)	(76,212,937)
Costs of services	(87,511,355)	82,658	(87,428,697)
Amortisation/depreciation	(32,641,076)	(241,293)	(32,882,369)
Impairment losses on non-current assets	(2,254,898)		(2,254,898)
Other operating expenses	(26,247,889)	5,346,635	(20,901,254)
Total costs	**(481,971,865)**	**5,455,687**	**(476,516,178)**
Operating result (EBIT)	**23,727,830**	**5,531,077**	**29,258,907**
Financial expenses	(9,855,926)	(754,205)	(10,610,131)
Financial income	5,076,602	3,569	5,080,171
Other income (expenses) on financial activities	(1,202,292)		(1,202,292)
Pre-tax profit/(loss)	**17,746,214**	**4,780,441**	**22,526,656**
Income taxes	(5,303,725)	(1,016,411)	(6,320,136)
Profit/(loss) deriving from assets held for disposal net of taxation			
Profit/(loss) for the year	**12,442,489**	**3,764,030**	**16,206,519**

NOTES TO ADJUSTMENTS ARISING FROM THE APPLICATION OF IFRS STANDARDS

a) Recognition of Leases (IFRS 16)

As mentioned above, the Company has recognised the right-of-use assets and financial liabilities relating to lease contracts as defined by IFRS 16 at the values that were already recognised in its consolidated financial statements as of 1 January 2023. Therefore, the Company has made the following adjustments:

	01/01/2023	31/12/2023
Right-of-use assets	18,944	17,906
Deferred tax assets	235	339
Other current assets	(327)	(421)
Total assets	**18,852**	**17,824**
Non-current financial liabilities	(1,720)	(1,416)
Non-current lease liabilities	(12,026)	(11,413)
Deferred tax liabilities	(407)	(428)
Current financial liabilities	(297)	(304)
Current lease liabilities	(3,984)	(4,056)
FTA reserve	(419)	
Operating result		212
Total liabilities and NP	**(18,852)**	**(17,406)**

amounts in thousands of euros

During the 2023 financial year, the Company recorded in the income statement amortisation for €4,953 thousand, interest expense on financial liabilities for €623 thousand, deferred tax assets for €81 thousand and reversal of the rental/leasing fees for the financial year for €5,283 thousand.
The methods of applying the standards and the practical expedients adopted have been previously illustrated in the paragraph "Accounting standards and valuation criteria applied."

b) Inventories adjustments (IAS 2)

According to the Italian accounting standards, goods normally used for promotional and marketing activities, which pass to the income statement at the time of their distribution to customers, are also included in inventories.

In addition, for some goods, in the determination of the lower between cost and market value, the sale of two goods was considered to be a single service, with the determination of a single net realisable value.

On the basis of IFRS 15, such sales give rise to two different obligations to perform, in respect of which the sale price of the individual asset must be separately identified and where the value of one of these is less than cost, IAS 2 requires that inventories be recorded at this lower net realisable value.

The analysis carried out, due to precise commercial policies applied by the Company and taking into account the indications envisaged by IFRS 15, revealed that some inventories, currently recorded at cost, have a net realisable value that is lower than their cost value. In addition, goods normally used for promotional and marketing activities, which are normally given as free gifts, must also be expensed in the income statement at the time of their purchase and not at the time they are given to the customer. Therefore, as of 1 January 2023, the Company adjusted the value of the promotional material previously recorded in the inventory by reducing the item "Inventories" by an amount of €4,136 thousand and recording deferred tax assets for €1,157 thousand.

At 31 December 2023, the impact resulting from the adjustment of promotional material in stock resulted in a reduction in the value of inventory equal to €3,301 thousand and the recognition of deferred tax assets for a total of €924 thousand. In the 2023 financial year, a positive effect on the income statement of €835 thousand was recorded deriving from the change in the value of inventories and a negative tax effect of €233 thousand.

c) Actualisation of employee benefits (IAS 19)

According to Italian accounting standards, the employee severance pay (TFR) is recorded at the nominal value calculated on the basis of the provisions of the Italian civil code. In application of IFRS, however, the TFR is considered as a defined benefit plan and therefore subject to actuarial valuation, which was fully recognised at the transition date.

This different accounting approach results in the following impacts:

- as at 1 January 2023, an increase in shareholders' equity of €80 thousand, against a decrease in non-current liabilities of €106 thousand, as well as deferred tax liabilities for €25 thousand;
- as at 31 December 2023, a net negative effect on profit/loss of €28 thousand;
- as at 31 December 2023, a positive effect on the overall profit/loss of €58 thousand, including actuarial losses for the period, not allocated to the income statement, amounting to €76 thousand, net of the negative tax effect of €18 thousand;
- as at 31 December 2023, an increase in shareholders' equity equal to €110 thousand, against a decrease in non-current liabilities of €144 thousand, as well as deferred tax liabilities of €34 thousand.

d) Actualisation of the Agents' leaving indemnity provision and recognition of other provisions (IAS 37)

According to Italian accounting standards, the agents' leaving indemnity (FISC) provision is recorded at the nominal value calculated on the basis of the provisions of the Italian civil code. In application of IFRS, however, the FISC is considered as a defined benefit plan and therefore subject to actuarial valuation, which was fully recognised at the transition date, determining at 1 January 2023 a lower value of non-current liabilities for €352 thousand. The effect of the FISC valuation according to IFRS at 31 December 2023 determines a lower value of the liabilities for €430 thousand and a recognition of lower costs in the income statement for €56 thousand net of the tax effect.

This different accounting approach results in the following impacts:

- as at 1 January 2023, an increase in shareholders' equity of €254 thousand, against a decrease in non-current risks and charges provision of €353 thousand, as well as deferred tax liabilities for €98 thousand;
- as at 31 December 2023, a net positive effect on profit/loss of €56 thousand;
- as at 31 December 2023, an increase in shareholders' equity of €310 thousand, against a decrease in non-current provisions for risks and charges of €430 thousand, deferred tax liabilities for €120 thousand.

Furthermore, the Company has recognised a further provision to cover potential tax risks which as of 1 January 2023 amount to €1,480 thousand.

e) Reversal of intangible assets not eligible for capitalization (IAS 38)

IAS 38 requires that for an intangible asset to be capitalised it must be identifiable, separable, controllable, and capable of generating future economic benefits.

Internally generated trademarks and the related registration and legal protection costs, establishment costs, start-up and expansion costs, and other deferred costs, which are recognised on the basis of the Italian accounting standards, do not meet all the requirements for their recognition under IAS 38, cannot be capitalised, and therefore have been written off.

Leasehold improvements that meet the requirements for capitalisation envisaged by IAS 16 were reclassified as tangible fixed assets; otherwise they were expensed.

The application of IAS 38 for trademarks, leasehold improvements and other intangible fixed assets compared to the previous accounting standards had the following effects:

- as at 1 January 2023, a decrease in shareholders' equity of €4,799 thousand, against a decrease in intangible assets of €5,960 thousand, a decrease in tangible assets of €690 thousand, and the related tax effect recognised under deferred tax assets for €1,851 thousand;
- as at 31 December 2023, a net negative effect on the profit/loss amounting to €2,312 thousand, deriving from the lower amortisation posted to the income statement on fixed assets already expensed as of the transaction date and during the year, amounting to €3,165 thousand, and the positive net total tax effect for €853 thousand;
- as at 31 December 2023, a decrease in shareholders' equity of €2,487 thousand, against a decrease in intangible assets of €2,982 thousand, a decrease in tangible assets of €503 thousand, and the related tax effect recognised under deferred tax assets for €998 thousand.

f) Adjustment of the value Goodwill and related amortisation reversal (IAS 36 and 38)

In compliance with the provisions of IFRS 1, during the transition phase, the Company has aligned the value of goodwill in the separate financial statements to that recorded in the consolidated financial statements. Furthermore, in accordance with IAS 36, goodwill is no longer subject to amortisation, but is subjected to at least an annual impairment test in order to ascertain whether a reduction in its value has occurred.

The joint application of IAS 36 and IAS 38 in relation to goodwill has therefore generated the following effects:

as at 1 January 2023, reduction of the item "Goodwill" for an amount equal to €442 thousand in order to realign the value of goodwill to the values resulting in the consolidated financial statements;

as at 31 December 2023, a net positive effect on the operating result amounting to €1,626 thousand, resulting from the elimination of amortisation charged to the income statement of the financial statements prepared according to Italian accounting principles;

as at 31 December 2023, a positive effect on the shareholders' equity of €2,545 thousand, with an increase of the item "Goodwill" for the same amount.

g) Reversal of revaluations of fixed assets pursuant to law (IAS 16 – Tangible fixed assets)

In accordance with Italian accounting standards, the Company has revalued certain tangible fixed assets including land, buildings, plants and machinery, in accordance with laws 72/1983, 413/1991 and 342/2000. According to international accounting standards, this revaluation does not meet the recording requirements and therefore, during the transition, the Company proceeded to reverse the net book value of the revaluations carried out which as of 1 January 2023 amounted to €215 thousand. At 31 December 2023, the Company reversed the depreciation relating to assets revalued and accounted for according to international accounting standards for €3 thousand, resulting in a net reduction in shareholders' equity as of 31 December 2023 of €212 thousand.

h) Application of IFRS 2 – Share-based payments

The Company recognises to certain members of senior management and other beneficiaries who hold key positions within the Company, incentives consisting of equity participation plans, the cost of which, together with the corresponding increase in shareholders' equity, had not been recognised according to Italian accounting standards. During the transition, in compliance with the requirements of IFRS 2, the Company recorded expenses for the 2023 financial year equal to €596 thousand with a specific shareholders' equity reserve of the same amount.

Board of statutory auditor's report

ILLYCAFFÈ S.P.A.

Financial statements as at 31 December 2024

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING OF ILLYCAFFE' S.p.A. CALLED TO APPROVE THE FINANCIAL STATEMENTS PURSUANT TO ART. 2429, PARAGRAPH 2 OF THE ITALIAN CIVIL CODE

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING OF ILLYCAFFE' S.p.A.
CALLED TO APPROVE THE FINANCIAL STATEMENTS AS AT 31 December 2024
PURSUANT TO ART. 2429, PARAGRAPH 2 OF THE ITALIAN CIVIL CODE

Dear Shareholders,
In compliance with the provision of Article 2429, paragraph 2 of the Italian Civil Code and the principles of conduct recommended by the National Council of Chartered Accountants and Accounting Experts, the Board of Statutory Auditors illustrates below the activity carried out during the financial year ended on 31 December 2024.

Supervisory Activity

This report was approved collectively and in time for its filing at the company's registered office in the 15 days preceding the date of the meeting called to approve the financial statements in question.
The Board of Directors thus made available the following documents approved on 27 March 2025, relating to the financial year ending 31 December 2024:
- draft financial statements, complete with explanatory notes and cash flow statement;
- [sole] management report

As an introduction to this report, it is appropriate to note that, since the 2024 financial year, for the preparation of financial statements IllyCaffè SpA has started to use the International Accounting Standards (IAS and International Financial Reporting Standards - IFRS) issued by the International Accounting Standards Board (IASB) and the IFRS interpretations of the Interpretations Committee (IFRSIC) and of the Standing Interpretations Committee (SIC), which are recognised in the European Union in accordance with Regulation (EC) No. 1606/2002 and in force at the end of the financial year. For the sake of completeness, it should be noted that the Board in its current composition was appointed for the first financial year on 24 April 2024.
The approach of this report refers to the provisions of the law and to Standard No. 7.1. of the "Standards of conduct of the board of statutory auditors – Principles of conduct of the board of statutory auditors of unlisted companies," issued by CNDCEC (National Board of Accountants and Chartered Accountants) and in force since 30 September 2015.[1]

Knowledge of the company, risk assessment and report on the appointments made
The well-established knowledge that the board of statutory auditors declares to have regarding the company can be acknowledged with regard to:
i) type of activity performed;
ii) its organisational and accounting structure;
also taking into account the size and problems of the company, it is reiterated that the "planning" phase of the supervisory activity - in which the inherent risks and critical issues must be assessed against the two parameters mentioned above - was implemented through the positive feedback regarding that already known based on the information acquired over time.
It was therefore possible to confirm that:
- the typical activity carried out by the company did not change during the year under review and is consistent with the provisions of the business purpose;
- the organizational structure and the IT facilities, within the scope of their natural corporate dynamics, remained largely unchanged;
- human resources constituting the "workforce", within the scope of their natural dynamics, did not substantially change;
- the above-stated findings can be indirectly confirmed by comparing the results of the values expressed in the income statement for the last two financial years, namely the one under review (1 January 2024 – 31 December 2024) and the previous one (1 January 2023 – 31 December 2023), keeping in mind however that 2024 is the FTA financial year in reference to the IFRS.[2]

It is also possible to see how the company operated in 2024 on comparable terms with the previous year and, consequently, our audits were carried out on these assumptions, having verified the substantial comparability of values and results with those of the previous year.
This report therefore summarises the activity concerning the disclosure required by Article 2429, paragraph 2 of the Italian Civil Code, i.e.:
- on the results of the financial year;
- on the activity carried out in fulfilling the duties provided for by the legislation;
- on comments and proposals regarding the financial statements, with particular reference to possible use by the Board of Directors of the derogation pursuant to Article 2423, paragraph 4 of the Italian Civil Code;
- on any receipt of reports from shareholders pursuant to Article 2408 of the Italian Civil Code.

In any case, we remain at the complete disposal of the shareholders' meeting should it be necessary to provide details on any further aspects.
The activities carried out by the Board, in terms of time, covered the entire financial year, and during the financial year itself, the meetings referred to in Article 2404 of the Italian Civil Code were regularly held, and appropriate minutes of these meetings were duly signed for unanimous approval.

[1] Updated with the release of the version as at 10 March 2025
[2] To this end, reference should be made to the annex: Transition to IFRS international accounting standards pages 259-266 of the Annual report

Activities performed

During the periodic audits, the board became aware of the development of the company's activities, paying special attention to issues of a contingent and/or extraordinary nature in order to identify their economic and financial impact on the operating results and equity structure, as well as any risks, which are monitored on a regular basis.

The board therefore periodically assessed the adequacy of the company's organizational and functional structure and any changes in the same with respect to the minimum requirements postulated by the operating performance.

Relations with the people working in the aforementioned structure - directors, employees and external consultants-were based on mutual cooperation while respecting the roles entrusted to each, having clarified those of the board of statutory auditors.

Throughout the financial year, we found that:

- internal administrative personnel in charge of recording business events did not substantially change from the previous year;
- the level of their technical background remains adequate in relation to the type of ordinary business facts to be recorded, and they have sufficient knowledge of business issues;
- external consultants and professionals appointed for accounting, tax, corporate, and labour law assistance did change and therefore they have historical knowledge of the business conducted and of the management issues, also of an extraordinary nature, that affected the results of the financial statements.

In accordance with the structure of the management organisation chart, the information required by Article 2381, paragraph 5 of the Italian Civil Code, was provided by the Chairman and the Chief Executive Officer even more frequently than the fixed minimum of 6 months, and thus both during scheduled meetings and during individual accesses of members of the board of statutory auditors to the company's premises and also through telephone and IT contacts/information flows with members of the board of directors: from all the above, it emerges that the executive directors, in essence and form, complied with that imposed on them by the aforementioned legislation.

During the year, the board had meetings and encounters to exchange information, both with the Internal Auditing structure and the Supervisory Board.

Moreover, the board took part, either in whole or through a representative, in all meetings of board of directors' committees such as the Audit and Risk Committee, the Appointments and Remuneration Committee, and the Sustainability Committee.

In conclusion, as far as it was possible to ascertain during its activities during the year, the board of statutory auditors can affirm that:

- the decisions taken by the shareholders and the board of directors were in accordance with the law and the articles of association and were not manifestly imprudent or such as to permanently compromise the integrity of the company's assets;
- sufficient information was acquired regarding the general performance of operations and their foreseeable development, as well as the most significant transactions, in terms of size or characteristics carried out by the company, the general performance of operations and their foreseeable development with particular attention to the geo-political situation of the Euro/Russian area, the Middle East as well as international tensions regarding tariffs. Furthermore, the Board assessed the risks associated with the trend in raw material prices which have undergone a violent surge during 2024, still present at the international market level;
- the transactions put in place [including intra-group] were also in accordance with the law and the company's articles of association and not in potential conflict with the resolutions passed by the shareholders' meeting or such as to compromise the integrity of the company's assets;
- no specific observations are made regarding the adequacy of the company's organizational structure, nor regarding the adequacy of the administrative and accounting system, as well as the latter's reliability in correctly representing operating events;
- during the course of supervisory activities, as described above, no additional significant facts emerged worthy of mention in this report;
- there was no need to take action due to omissions of the board of directors pursuant to Article 2406 of the Italian Civil Code;
- no reports were received pursuant to Article 2408 of the Italian Civil Code;
- no reports were made pursuant to Article 2409, paragraph 7 of the Italian Civil Code;
- we did not issue any reports to the Board of Directors pursuant to and for the purposes of Article 15 of Italian Decree Law No. 118/2021;
- during the year, the board did not issue opinions provided for by law.

Comments and proposals regarding the annual financial statements and their approval

The draft financial statements for the year ended 31 December 2024 have been approved by the board of directors and consist of the balance sheet, income statement, explanatory notes and cash flow statement.

In addition:

- the board of directors also prepared the [sole] management report pursuant to Article 2428 of the Italian Civil Code;
- these documents were delivered to the board of statutory auditors in sufficient time for them to be filed at the company's registered office accompanied by this report, and this is regardless of the deadline envisaged by Article 2429, paragraph 1 of the Italian Civil Code;
- with resolution of the Shareholders' Meeting of 20 June 2022, the statutory audit for the three-year period 2022-2024 was assigned to the independent auditors KMPG S.p.A., which prepared its report pursuant to Article 14 of Legislative Decree 39 of 27 January 2010, on 11 April 2025, a report not highlighting any findings for significant deviations or negative opinions or impossibility to form an opinion or disclosure deficiencies and therefore the opinion issued is positive.

The draft financial statements were then examined, on which the following additional information is provided:

- the valuation criteria for asset and liability items subject to this mandatory requirement were checked and found not to be substantially different from those adopted in previous years, complying with the provisions of Art. 2426 of the Italian Civil Code;
- attention was paid to the approach given to the draft financial statements, on their general compliance with the law concerning their formation and structure, and in this regard there are no observations worthy of mention in this report;
- compliance with the legal requirements inherent in the preparation of the management report were verified, and in this regard there are no observations worthy of mention in this report;
- the Board of Directors, in preparing the financial statements, did not deviate from legislation pursuant to Article 2423, paragraph 4 of the Italian Civil Code;
- the correspondence of the financial statements with the facts and information that came to our attention as a result of the fulfilment of the typical duties of the Board of Statutory Auditors was verified, and no further observations are highlighted in this regard;
- pursuant to Article 2426, paragraph. 5 of the Italian Civil Code, the significant values entered in items B) I - 1) and B) I - 2) of the balance sheet assets were subject to our specific control with consequent consent to their entry; it should be noted, by way of mere reminder, that it will not be possible to distribute dividends affecting the profit reserves beyond the net amount of this item capitalised in the assets[3];
- pursuant to Article 2426 no. 6 of the Italian Civil Code. the Board of Statutory Auditors acknowledges the existence of the item "goodwill" which is amortised on a systematic basis for an amount deemed reasonable in relation to the useful life of the same and recorded under item B-I-5) of the balance sheet assets[4];
- the explanatory notes provide the information required by Art 2427 bis of the Italian Civil Code, related to derivative financial instruments and for financial fixed assets recognised at a value higher than their fair value;
- the system of "memorandum accounts and guarantees issued" is comprehensively explained;
- the financial statements indicate specifically in the Management Report[5] and in the Explanatory Notes the analysis of the reasons underlying the formation of the operating result.
- information on the supervisory body was acquired and no critical issues with respect to the organizational model emerged that are worthy of mention in this report;
- regarding the proposal of the Board of Directors on the allocation of the net profit for the year set out at the end of the management report, the Board has no observations, pointing out, however, that the decision on this matter is up to the shareholders' meeting.

Result of the financial year
The net result ascertained by the Board of Directors for the year ended 31 December 2024, as also evident from the financial statements is a profit of €29,701,458. The Board agrees with the proposed allocation of the operating result made by the directors in the explanatory notes[6].

Conclusions
On the basis of the foregoing and as far as has been brought to the attention of the Board of Statutory Auditors and ascertained from the periodic audits carried out, it is unanimously considered that there are no reasons to prevent your approval of the draft financial statements for the year ending 31 December 2024 as prepared and proposed to you by the Board of Directors.

Trieste, 11 April 2025

***

THE STATUTORY AUDITORS

Joram Bassan, Chairman *(signed on the original)*

Prof. Alessandra Stabilini, Standing Statutory Auditor *(signed on the original)*

Professor, Dr. Carlo Bellavite Pellegrini, Standing Statutory Auditor *(signed on the original)*

[3] Pages 235-236 of the Explanatory Notes for the detailed tables and pages 207-208 for the summary description of the principles of the financial statements given, with particular regard to the values entered under item B-I-6) of the assets of the balance sheet.
[4] Page 235 of the Explanatory Notes for the detailed table and description of the item.
[5] In particular, reference is made to pages 26-30 of the Annual Report (Individual Management Report).
[6] As indicated on page 233 of the Annual Report (Explanatory Notes).

Independent auditor's report

KPMG S.p.A.
Revisione e organizzazione contabile
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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
illycaffè S.p.A.

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of illycaffè S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2024, the income statement, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include material information on the accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of illycaffè S.p.A. as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the separate financial statements*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter – Comparative figures

We draw attention to the notes to the separate financial statements and, specifically, the "Basis of preparation" section, where the directors state that the separate financial statements of illycaffè S.p.A. present the corresponding prior year figures for comparative purposes prepared in accordance with the IFRS Accounting Standards issued by International Accounting Standards Board endorsed by the European Union. These figures have been derived from the separate financial statements at 31 December 2023 prepared in conformity with the Italian regulations governing their preparation.

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e fa parte del network KPMG
di entità indipendenti affiliate a
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Annex 3.4 "Transition to IFRS international accounting standards" presents the effects of the transition to the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union and the reconciliation schedules required by IFRS 1. We did not qualify our opinion in this respect.

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of 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 company's ability to continue as a going concern. If

we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate 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 auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;

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

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion and statement pursuant to article 14.2.e)/e-bis)/e-ter) of Legislative decree no. 39/10

The company's directors are responsible for the preparation of the management report at 31 December 2024 and for the consistency of such report with the related separate financial statements and its compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to:

- express an opinion on the consistency of the management report with the separate financial statements;
- express an opinion on the consistency of the management report with the applicable law;
- issue a statement of any material misstatements in the management report.

In our opinion, the management report is consistent with the company's financial statements at 31 December 2024.

Moreover, in our opinion, the management report has been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e-ter) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, 11 April 2025

KPMG S.p.A.

(signed on the original)

Paola Maiorana
Director of Audit

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