





LAVAZZA GROUP




ANNUAL REPORT 2024

COMPANY OFFICERS

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INDEPENDENT AUDITORS

EY S.p.A.

GROUP STRUCTURE

SUSTAINABLE PRINT
SINGLE PAGE PRINT

LETTER TO SHAREHOLDERS

Dear Shareholders,

The financial year ended 31 December 2024 closed with a Group's consolidated result of €82,444 thousand based on the IFRS and with Luigi Lavazza S.p.A.'s positive result of €51,230 thousand based on Italian GAAP (OIC).
With reference to Article 2428 of the Italian Civil Code and Article 40 of Legislative Decree No. 127(2-bis) of 9 April 1991, the Report on Operations includes both information on the Financial Statements of the Parent Company Luigi Lavazza S.p.A., and the Report on Operations of the Consolidated Financial Statements of the Lavazza Group.

In the year just ended, the Group — as the whole coffee industry — had to face increasingly complex challenges, in a scenario of high volatility and geopolitical tensions, in addition to the constant increases in the cost of raw materials, in particular with regard to green coffee, which witnessed a further, significant upsurge in 2024 (over +70% compared to 2023) for both Arabica and Robusta varieties. Despite the complex economic context, the Group reported €3.35 billion revenues, with a +9.1% increase compared to 2023.

The constant increase in raw materials costs and the ongoing inflationary context also led to a rise in consumer prices, which had a negative impact on consumers' purchasing power in all markets and geographies. As in the previous year, this phenomenon led to a fall in volumes, with the coffee market contracting by around -0.5% from January to December 2024. This was another proof of the difficulties and complexities of the whole sector.

To face these turbulent times, the Group adopted a strict operating and capital cost discipline with the aim of protecting profitability and ensuring the Company's financial solidity. These characteristics are necessary to ensure the protection of our employees and to allow a good investment capacity, which are fundamental levers to successfully face this complex period and to remain competitive in the global coffee market scenario.
Our Group's geographical diversification also contributed positively to tackling the complexities of 2024. For example, it enabled the Group to absorb some of the negative impacts in Europe, where, despite the decline in volumes in some countries such as Italy and France, it recorded positive turnover trends and ensured a strong presence on the market. At the same time, the Group was able to focus its efforts on expansion in key markets such as the United States, where sales rose by 12% compared with 2023.

The Group continued and will continue to invest to ensure long-term prospects. In 2024, the investment in the IVS Group — the leading vending operator in Italy and second in the European Union — was completed, resulting in the acquisition of a 49% interest in the IVS Group (IVSG) through the tender offer announced in April and the subsequent delisting. The possible exercise of options as of 2027 would help further consolidate the Group's position in the Vending and OCS (Office Coffee Service) channels.
2024 was also the first full year of integration of the MaxiCoffee Group, acquired in March 2023, whose results, in addition to confirming expectations, contributed to strengthening the Group's multi-brand strategy.

The Group, which employed over 5,500 people worldwide in 2024, continued to invest in its human capital as a primary resource for a sustainable development path, in order to create and promote a positive, productive and inclusive work environment. Concrete examples of these investments include the promotion of a better work-life balance, including through the extension of welfare plans, with the expansion and introduction of new paths and initiatives within the Time to Care programmes, focused on people's wellbeing. In 2024, the Group also launched the D&I Policy, a document that formalises its commitment to values such as equity, diversity and inclusion, and applies them to business processes and daily working practices.

In addition to the well-established incentive system based on production target bonuses, the employee remuneration programmes were also extended in 2024. The amounts paid out in Italy in 2024 continued to be among the most significant in the food industry, firmly linked to systems for redistributing the value actually generated.

The year 2024 also marked the 20th anniversary of the Giuseppe and Pericle Lavazza Foundation ETS, an important milestone that further demonstrates the Group's ongoing commitment to sustainability. During the year, the Supplier Code of Conduct was updated to best reflect the Group's commitment to protecting human rights throughout the supply chain. Said commitment is also reflected in the Code of Ethics, "Our Commitment to Human Rights" and "Our Commitment to Children's Rights".

In 2025, we celebrate 130 years of Lavazza and 10 years of the Lavazza Group, on the strength of the positive results achieved in 2024 and of a governance and management model that, in addition to proving effective in addressing the challenges and complexities we are facing, combines the founding values and principles that have characterised the brand's history with a global vision driven by the medium-to-long-term perspective of a family business and a constant desire for growth.

The Chairman of the Board of Directors

Giuseppe Lavazza

01.
DIRECTORS' SINGLE REPORT ON OPERATIONS

GROUP HIGHLIGHTS

GROUP'S RESULT FOR THE YEAR

The following table shows the Group's operating and financial highlights at 31 December 2024 compared with the previous year:

€ million	2024	RATIO %	2023	RATIO %
NET REVENUES	3,349.1	100.0%	3,068.9	100.0%
EBIT	130.5	3.9%	96.8	3.2%
EBITDA	312.1	9.3%	263.0	8.6%
ADJUSTED EBITDA (before no recurring items)	322.3	9.6%	268.7	8.8%
PROFIT FOR THE YEAR	82.4	2.5%	67.9	2.2%
CAPEX	150.0		134.9	
NET FINANCIAL POSITION	511.4		291.8	
EQUITY ATTRIBUTABLE TO THE GROUP	2,677.8		2,587.5	
HEADCOUNT AT 31/12	5,802		5,635	

A SUCCESSFUL STORY BETWEEN INNOVATION AND SUSTAINABILITY

140 COUNTRIES

9 PRODUCTION PLANTS

OVER **30 billion** CUPS OF **coffee**

Founded in Turin in 1895, Lavazza has been owned by the Lavazza family for four generations. In 2025, it will celebrate two extraordinary milestones: the 130 years of Lavazza marked by innovation, passion and commitment in coffee world and the first 10 years of history of the Lavazza Group.
Today, the Group is among the major players in the global coffee arena, with a product portfolio including leading brands on reference markets such as Lavazza, Carte Noire, Merrild and Kicking Horse. It operates in 140 markets — across all business segments — with 9 production plants in 5 countries.
This global presence stems from a growth path that has lasted for 130 years, as well as from investments in research and innovation, with a focus on economic, social and environmental matters. The over 30 billion cups of Lavazza coffee produced a year now bear witness to a great success story, to continue to offer the best possible coffee in any form, by tending to all aspects of the supply chain, from selection of the raw material to the in-cup product.
From the intuition that marked the Company's first success — the coffee blend — to the development of innovative solutions for packaging, from the first espresso drunk in Space to the dozens of industrial patents developed, Lavazza has revolutionised the coffee culture thanks to continuous R&D investments.
This forward-looking attitude is also reflected in the attention paid to economic, social and environmental matters – always considered crucial for guiding the Company's strategy.

"Awakening a better world every morning" reads the Purpose of the Lavazza Group, which aims at creating value for shareholders, employees, consumers, suppliers and the communities in which it operates, combining competitiveness with social and environmental responsibility.
This approach covers all the Group's brands and creates a common culture based on responsible innovation, passion, integrity and competence that serves as a guide for continuing to offer superior quality coffee.

SUSTAINABLE DEVELOPMENT GOALS

GOAL 5
GENDER EQUALITY

GOAL 8
DECENT WORK AND ECONOMIC GROWTH

GOAL 12
RESPONSIBLE CONSUMPTION AND PRODUCTION

GOAL 13
CLIMATE ACTION

LAVAZZA'S COMMITMENT TO SUSTAINABLE, RESILIENT ECONOMIC DEVELOPMENT

The Lavazza Group has always been committed to operating in a sustainable way, and today the pillars of its approach to doing business are the enhancement of its people and the local areas and communities where it operates, and the minimisation of the environmental impact of its activities. This approach has allowed Lavazza to organise a programme of coordinated initiatives in Italy and in the countries where it operates, in order to promote the integration of sustainability in all its business areas. While working on publication of the Group's Sustainability Manifesto, this process resulted in the identification of four of the 17 Sustainable Development Goals (SDGs) set in the United Nations 2030 Agenda and participation in the UN Global Compact.

The Group has identified the following Sustainable Development Goals:

- Goal 5: Gender Equality
- Goal 8: Decent Work and Economic Growth
- Goal 12: Responsible Consumption and Production
- Goal 13: Climate Action

Sustainability has been integrated into the strategic plan since 2021. The approach to a responsible business translates into constant monitoring of the Group's targets and thorough, transparent reporting of its performances through publication of the Sustainability Report, which since the 2014 reporting year has been prepared according to the reporting standards of the Global Reporting Initiative — the main international framework for sustainability performance reporting.
The Sustainability Report is subject to a voluntary limited review by an independent auditing firm.

The Sustainability Report is structured according to the Group's contribution to each of the United Nations Sustainable Development Goals, deemed a priority for both the Company and the Giuseppe and Pericle Lavazza Foundation ETS.

The Group's priority is to ensure that economic growth proceeds in step with respect for and development of individuals and the local communities in which it operates, while also strengthening its commitment to protecting its employees, their safety and their wellbeing. Goal 8 of the 2030 Agenda relating to decent work and economic growth is one of the four SDGs that represent a priority for the Lavazza Group.

The Group is committed to supporting communities — and in particular the most vulnerable segments of society — and the supply chain thanks to a structured programme of projects focusing on respect for and promotion of human rights, in collaboration with Lavazza suppliers and international NGOs such as Save the Children, with which the Group has partnered for 20 years, and Oxfam. In 2023, the Lavazza Group joined the Child Labour Platform, an initiative bringing together businesses, governments and NGOs promoted by the International Labour Organization (ILO) to eradicate child labour in supply chains.
The supply chain risk monitoring process, managed through the EcoVadis platform, took the concrete form of ethical and social audits conducted on suppliers deemed at greatest risk according to the EcoVadis assessment and in terms of the supplier' strategic nature and the dependence on it. In 2024, the Supplier Code of Conduct was updated to best reflect the Group's commitment to protecting human rights throughout the supply chain. Said commitment is also reflected in the Code of Ethics, "Our Commitment to Human Rights" and "Our Commitment to Children's Rights".

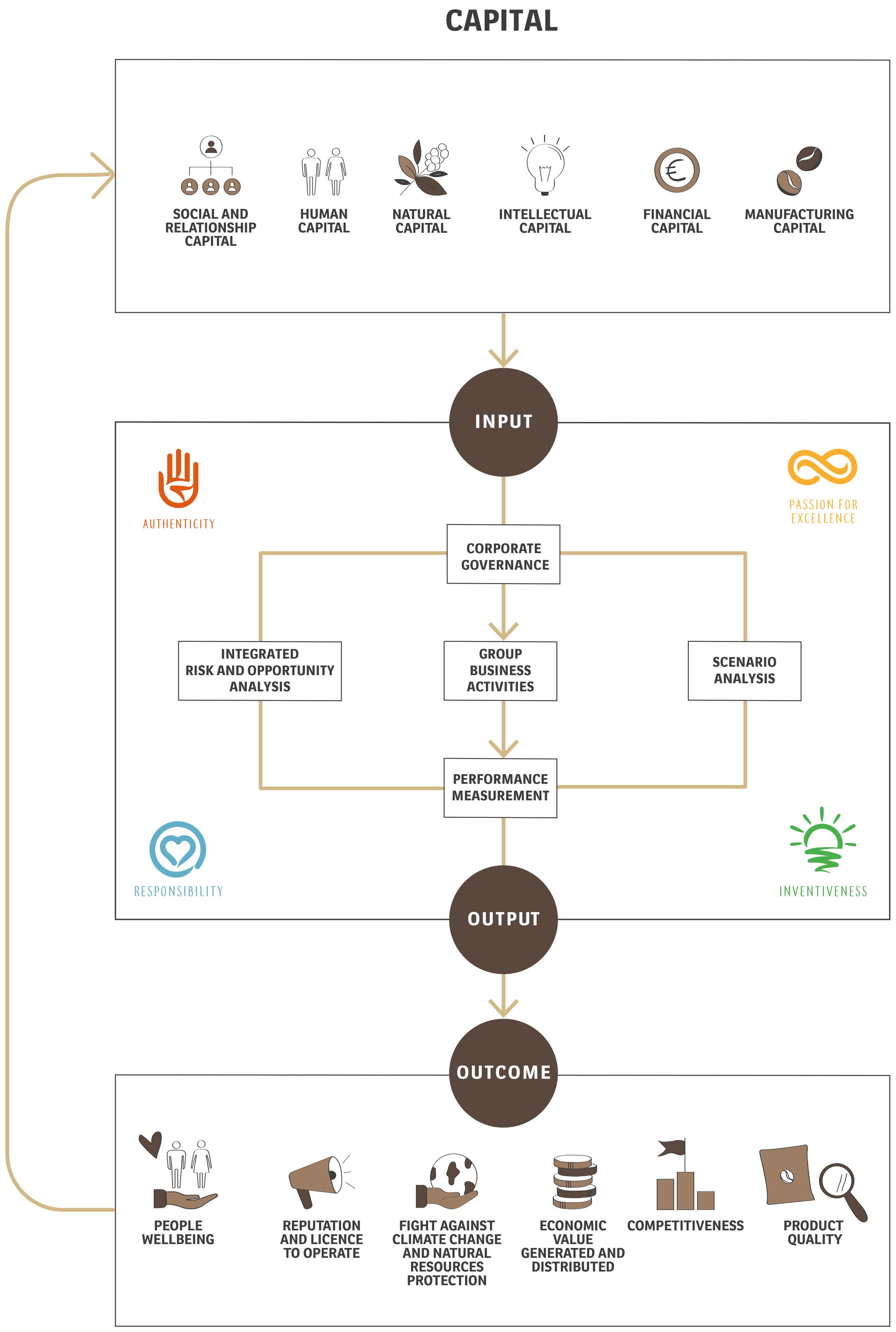
COMMITMENT TO "HUMAN RIGHTS" AND "CHILDREN'S RIGHTS"

The Group supports the Giuseppe and Pericle Lavazza Foundation ETS, established in 2004 to coordinate and develop sustainability projects, while also promoting implementation of sustainable farming practices and entrepreneurship in farming communities as a whole. The Foundation has chosen to support the autonomy of local communities by enhancing women's work, engaging the new generations, sharing good agricultural practices and introducing technological tools to combat the effects of climate change. As of 2023, in order to transparently disclosing the performance and the activities carried out by the Foundation, as well as to complying with the rules relating to third sector entities, the Social Report is published detailing the projects underway for the reporting year. The document is prepared according to the Guidelines for the Preparation of the Social Report of Third Sector Entities — contained in the Decree of the Italian Minister for Employment and Social Policies of 4 July 2019.

BUSINESS MODEL

The Group is committed to developing its business according to a model that aims to create value through ethical, responsible practices. What follows is an account of the Group's business model. According to the main guidelines of the International Integrated Reporting Framework, published by the International Integrated Reporting Council (IIRC), the chart shows how the Group's main resources, referred to as "inputs of capital", are used to create shared value throughout the value chain to pursue the Group's targets and contribute to sustainable development. Solid, transparent governance in which sustainability is integrated into business decisions makes it possible to use inputs of capital in light of a thorough, up-to-date scenario analysis of the coffee industry and the sustainability macro-trends. The risk analysis, integrated with ESG factors, allows to prevent the main threats to the Group and protect the Company's business activities. Through cyclical monitoring of economic and sustainability performance, the Company generates short- and medium-term outputs that generate an ensuing impact (outcome) in the long term. Outputs and outcomes are monitored through dedicated action plans and specific indicators managed by the various company departments.

The compass that orients the entire process is represented by the four company values and the Group's Purpose, *"Awakening a better world every morning"*.



CAPITAL	INPUT	OUTPUT	OUTCOME
Social and Relationship Capital	An extensive presence on working tables and in key coffee **associations**, such as: the International Coffee Organization (ICO), World Coffee Research (WCR) and the European Coffee Federation (ECF). Active participation in **pre-competitive networks** and international research enriches the corporate vision, contributing to identifying transversal solutions to common coffee industry problems and promptly seizing emerging opportunities. A strong attention to the local communities in which the Group operates, where it collaborates through a dense **network of NGOs, civil society associations and public entities** to meet the needs of these communities.	Building solid, lasting **relationships**, while maintaining **operating legitimacy**. **Dialogue with institutions**, thus giving the sector a common voice. Increasing **control of the supply chain** and of its impacts. Planning of **sustainable development projects**, which reach an ever-larger number of beneficiaries.	A constant presence on the main international working tables in the coffee sector ensures **monitoring of any regulatory changes**. The sustainable development projects promoted by the Group through Lavazza Foundation invest in **capacity building for the local communities** where the Group operates and its suppliers are located, strengthening **entrepreneurship among small coffee growers** and the role of women throughout its supply chain.
Human Capital	The Group community is made of direct **employees** and independent **contractors**, who together contribute to the Company's success. The combination of the various types of **knowledge and competencies** offered by employees with a constant investment in their **wellbeing** and **training** generates added value for the business activity. The **company values** are the compass that guides strategic decisions and people management.	A constant focus on people **wellbeing** is directly proportional to **improving company performance**. The commitment to ensuring an inclusive, healthy working environment for people, the development of professional growth paths and the integration of ethics into performance measurement processes foster **retention and talent attraction**.	The indirect value generated by the Group in the countries where it operates through its commercial and production sites, combined with a constant focus on the quality of the jobs offered, the safety of its employees, their training and broad wellbeing contribute to the **sustainable economic development of the countries** in which the Group operates.
Natural Capital	**Green coffee** is the main natural resource necessary to operate and is highly sensitive to the climate change impact. The variety of the countries of origins helps the Group protect **biodiversity** and preserve the ecosystems of coffee-producing countries. In addition, the use of renewable energy sources is currently essential to develop a production process that is increasingly sustainable over the long term, as is the constant search for **circular solutions** for the packaging of finished products.	Thanks to a careful selection of origins and blends, the Group is able to offer a high-**quality** finished product with specific **sensory properties**. The threat posed by climate change to coffee drives business decisions that integrate **respect for the environment** and **natural resources**. The implementation of strategies that call for emission reduction, and an increasingly efficient use of materials and resources translate into strategic market decisions such as the marketing of products with specific sustainability characteristics like the La Reserva de ¡Tierra! range and compostable capsules.	Agroforestry projects or projects aimed at increasing the efficiency of agricultural production and reforestation, financed by the Group and Lavazza Foundation, have positive impacts on the **quality of life of coffee growers**, while also representing effective **climate change mitigation** initiatives.
Intellectual Capital	The Group's intellectual capital is a unique **heritage** of expertise relating to the selection, processing and scale of coffee blends. In recent years, it has been enriched by the filing of numerous **patents** also intended to improve the efficiency and sustainability of coffee machines. The existence of a set of **company policies**, supported by IT systems and consolidated practices, processes and internal procedures, enables constantly efficient management of business activities.	The policies, internal procedures and IT systems implemented support and ensure over time compliance with the highest standards of management system certification, with the ensuing increasing **efficiency** of company processes and a drive towards **constant innovation**.	The processes of ongoing innovation, supported by the expertise gained over more than a century of activity, ensure the creation and **preservation of value** over time and the **competitiveness** of the Group.
Financial Capital	The Group is characterised by a **solid financial structure** and a thorough **net financial position** management based on liquidity and credit lines that enable the continuity of its business and activities. Through the use of its own funds and the **reinvestment of profits**, **financing** from major financial institutions (e.g., sustainability-linked loans) and a medium/long-term debt exposure, the Group also optimises its financial profile through the mitigation of interest rate, exchange rate and commodity risks by means of derivative financial instruments with exclusive hedging purposes.	The Group has completed several acquisitions and continues to invest, creating **added value**. It has formulated a **strategic plan** that calls for **investments** consolidating this process, increasing resilience and profitability and strengthening the Company's positioning with a view to sustainable development. The internationalisation drives towards new markets is an investment that translates into successful joint ventures and acquisitions.	The Group produces and **distributes wealth for its stakeholders**, contributing to the **growth of the local communities** in which it operates. The commitment to sustainable economic development ensures greater autonomy, as well as the ability to generate long-lasting income and jobs, without compromising the Company's future.
Manufacturing Capital	The Group has **9 plants** in 5 countries, where specific roasting and packaging **machinery** is used to keep the production process constant and efficient. In addition to these are the **Turin Headquarters and the Innovation Center**, devoted to R&D investments and to training coffee professionals. Furthermore, thanks to its extensive **distribution network**, made up of warehouses and storage centres, the Group distributes its products in over 140 countries, in many of which it operates through direct commercial subsidiaries.	The Group ensures the high **quality** of its finished product by complying with strict standards regarding coffee processing procedures, innovation and constant maintenance of production machinery. A further drive towards the use of assets compatible with the energy transition that meet the strictest regulatory requirements and the highest certification standards is in line with the company sustainable development plans.	Highly efficient business activities and compliance with the strictest quality standards ensure **productivity, technological progress and innovation.**

BRANDS

The Lavazza Group brings together the global Lavazza brand with the product brands Carte Noire, Kicking Horse and Merrild, each a market-leader in its country, all united by a focus on quality, yet quite distinct in terms of characteristics and personality.

LAVAZZA

Lavazza — the Group's global brand — is synonymous with authentic Italian coffee around the world.
Lavazza is a consolidated, historic leader in Italy's retail chains, where it is present in all business segments — At Home, Away From Home and OCS — with dedicated products and solutions. It can also count on excellent brand awareness and reputation in all the most strategically important markets, also thanks to its constant commitment to sustainability.
A communication innovator, over the years the Lavazza brand has also built its global identity through partnerships in the areas of Top Gastronomy, sport and culture.
The brand evokes Italianness, taste and wellbeing, and offers experiences that go beyond the pleasure of an excellent espresso.

CARTE NOIRE

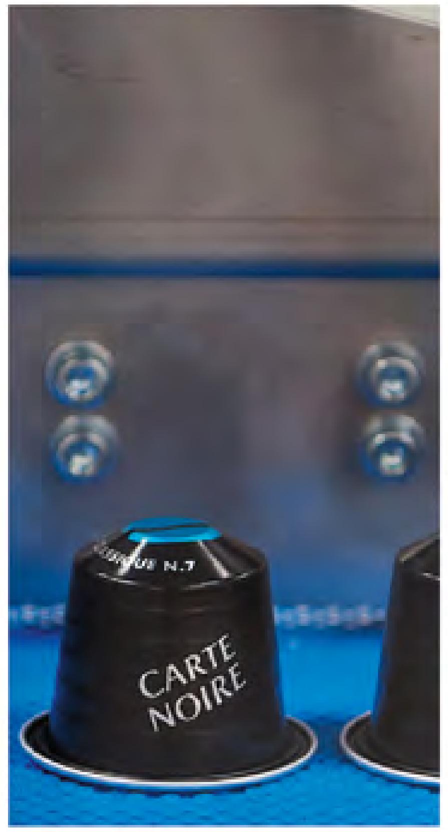
Carte Noire, an icon of the French art of coffee, is the leading retail coffee brand in France, well known since its foundation for its extremely high-quality coffee. Thanks to the vision of its founder, René Monnier, since 1978 Carte Noire has stood out for its refined blends and for being the first player in the French market to offer 100% Arabica products. In a country famous for appreciating the quality of wine and cuisine, René Monnier succeeded in doing the same with coffee, thanks to an innovative communication inspired by cinema. Today, Carte Noire is the number-one brand by penetration, reputation and image in the French coffee market. It is a perfect brand for the Lavazza Group, of which it has been part since 2016.

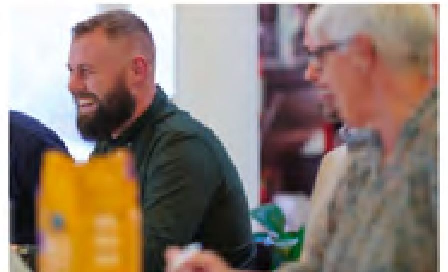
KICKING HORSE COFFEE

Kicking Horse Coffee was founded in 1996 in Invermere (British Columbia), in the Canadian Rocky Mountains, where founders Elana Rosenfeld and Leo Johnson dreamed of creating an innovative coffee roasting company and took an artisanal approach, experimenting with the art of roasting and blending coffee grown according to strictly natural methods. Over time, the brand decided to focus increasingly on organic fair trade coffee, and today it offers a broad range of products having this type of certifications.
Kicking Horse Coffee is currently the leader in the North American organic coffee sector and has been recognised in Canada as the most trusted brand according to the Gustavson Brand Trust index 2023. It joined the Lavazza Group in 2017.

MERRILD

Merrild was founded in Denmark as a result of the passion of Møller Merrild, an entrepreneur who in 1964 opened the first Coffee House in Esbjerg on Denmark's southwestern coast, with the ambition of raising the quality standards of the coffee available on the local market. His efforts yielded high-quality recipes with an unmistakeable flavour, some of which have remained unchanged to this day, driving the business to become a leading player on the coffee market in Denmark and the Baltic countries, together with Iceland and Faroe Islands, with over a billion cups drunk every year.
This prominent role is also reflected in the brand's intense social sustainability activity. Sharing Lavazza's values, a solid familiar tradition and, above all, the ongoing search for coffee quality, it joined the Group in 2015. In 2024, Merrild celebrated the 60 years since its foundation.





BUSINESS LINES

The Lavazza Group's wide range of products, dedicated to both At Home and Away From Home consumption, is distributed across all sales channels: Retail, E-Commerce, Food Service, Retailing, Office Coffee Service (OCS) and Vending. This strong presence makes available to all consumers and customers the most suitable solutions on every occasion, in every moment of the day.

RETAIL

Within the at home consumption channel, the Lavazza Group has a very strong position in a number of key markets such as Italy (under the Lavazza brand), France (under the Carte Noire brand), Denmark and the Baltics (under the Merrild brand) and Canada (under the Kicking Horse brand).
The range, differentiated by country, includes whole-bean and ground coffee products — for espresso, moka coffee pot and filter systems — pods, instant coffee, ready-to-drink beverages and capsules for the world's most common home systems, suited to meeting every consumer's taste requirements.
In addition to a broad presence in mass retail and specialist stores, the Group also markets its At Home products through Nims, which joined the Group in 2017 and offers its customers direct door-to-door sale of coffee products and prompt, timely warranty and support service, thanks to a network of personal coffee shoppers who create a direct relationship of trust with their customers.

E-COMMERCE

In recent years, e-commerce has become increasingly important across all the Group's channels. This growth began with the Covid-19 pandemic, an historic period that had a strong impact on the away-from-home consumption, while also giving rise to considerable growth of at-home sales in the near term, especially online, thus significantly increasing its penetration.
This dynamic had an impact on the food and beverage market in general, and thus on the Lavazza Group.
The new habits adopted by consumers provided a strong boost to this sales channel, including for Lavazza, which was prepared thanks to significant investments made over the years in digital platforms and to the attention paid to improving service in both proprietary and third-party channels.
The Group's strategy calls for offering a fully-fledged service: a different way to approach customers and meet their needs, while also exploring new business models such as subscriptions.
In this new scenario, the E-Commerce channel consolidated its importance with a significant increase in strategic geographical areas including the United States, the United Kingdom, Germany, France and Italy.
The acquisition, in 2023, of MaxiCoffee — a French Group which targets both private customers and commercial businesses through its e-commerce platform, a network of 60 sales points throughout France, its Concept Stores and several Écoles du Café (certified training schools for coffee brewing and roasting techniques) — confirmed the consolidation of the E-Commerce business line.
MaxiCoffee has been for some years a reference Phygital Platform in the coffee world.

FOOD SERVICE

The Lavazza Group provides sector professionals dedicated, tailor-made products and solutions for all service modes and types of coffee preparation. Quality in every cup is ensured making available a vast selection of professional machines, specific service materials and all communication materials, which allow to leverage all aspects of the coffee ritual.

The Lavazza Training Center provides day-to-day support to clients in their activities through training programmes focusing on theory and operational consulting, directly on site, provided by a team of specialists who operate according to the international standards of excellence set by the SCA (Specialty Coffee Association).
In addition to coffee, the range is rounded out by complementary products such as hot chocolate, ginseng and barley beverages, tea, infusions and granitas.

RETAILING

In this channel, the Lavazza brand has proprietary and franchised stores, through which it establishes a direct relationship with the consumer. Lavazza Flagship Stores' offer is structured around an immersive, comprehensive coffee experience, where the product is enhanced in all its forms, from the most traditional, such as espresso, to the most surprising Coffee Design preparations. The first Lavazza Flagship Store was inaugurated in Milan in 2017, while September 2021 saw the opening of a store in the heart of London, in an historic building in front of the iconic Liberty department store in Great Marlborough Street.
China is another key market where coffee consumption has great, as-yet untapped potential: the Lavazza Group and Yum China, the largest restaurant company in China in terms of total sales, set up a Joint Venture to explore and develop the concept of the Italian coffee shop in China, opening a first store in Shanghai and reaching over 122 points of sale opened in 2023. Today, the joint venture also aims to distribute and market Lavazza's retail products, thus becoming the Group's exclusive distributor in mainland China.
Since 2023, MaxiCoffee — operating in the coffee sector in France through stores, concept stores and training schools — has also contributed to the Group's retailing channel.

OFFICE COFFEE SERVICE (OCS) AND VENDING

To ensure that consumers can enjoy an excellent cup of coffee everywhere, the Lavazza Group has developed a specific range of products for the various consumption occasions.
Drawing on more than 30 years of experience with capsule-based systems and vending machines, in recent years the presence in the B2B market has been strengthened, thanks to the acquisition of the French company ESP (Espresso Service Proximité); the Australian company Blue Pod and the Lavazza Professional business, operating in a number of markets that are strategic for the Group (the United States, the United Kingdom, France, Germany and Japan); Nims, an Italian company specialised in the distribution of capsules and espresso coffee machines for domestic use; and MaxiCoffee, a French company operating in the coffee world through a network of 60 commercial agencies.

- ***Office Coffee Service (OCS).*** The Group pays very special attention and care to workplaces, and offices in particular, with an offer that includes a wide range of coffee capsules and other beverages that can offer all consumers their favourite product every day, as well as a range of designer manual coffee machines suitable for any environment. Cutting-edge systems such as the following are dedicated to this channel: Lavazza Firma, whose highly qualified supply and assistance service makes it possible to offer all the café-like variety also at the office; Lavazza Professional's Flavia, featuring the characteristic Freshpack technology, designed to prevent cross-contamination between brews; and Lavazza Expert — designed for the North American market — which offers espresso, filter coffee and milk-based beverages. The supply and support service is provided by a network of highly selected partners. The range of OCS products is extensive and varied, suited to offices of all sizes, regardless of the number of employees.
- ***Vending.*** Airports, stations, universities, factories, large corporations, hospitals: however large the space or however high the footfall, the Lavazza Group can ensure the availability of its products anywhere. In-cup quality is guaranteed by the use of free-standing and table-top vending machines capable of enhancing the sensory characteristics of a wide range of blends specifically created for this channel. The range is rounded out by a dedicated line of whole-bean products with distinctive traits. The Group offers a wide range of products and services under the Lavazza BLUE brand and, for Lavazza Professional, under the Klix brand, which has become a benchmark in sustainability thanks to its Eco Cups, fully recyclable and compostable paper cups which reduce the environmental impact by over 63% compared to the machines that use plastic cups. As of 2023, the Lavazza Group's footprint has been further consolidated with the acquisition of the MaxiCoffee Group, specialised in providing a series of personalised spaces and corners inspired by coffee shops, with state-of-the-art vending machines offering a wide range of high-quality products.

GENERAL PERFORMANCE AND MARKET SCENARIO

From the economic standpoint, 2024 was better than expected on a global scale, especially for the United States which, exceeding once again expectations, are forecast to close the year with an increase similar to that reported in the previous two-year period, in a 2.5%-3% range.

This result was driven by consumption resilience, in spite of weak manufacturing and real estate sectors. At the same time, the gradual normalisation of the labour market and inflation continued, allowing the Federal Reserve and the European Central Bank to start a gradual easing of borrowing costs.

However, unlike the United States, the Euro Area did not benefit from the same robust and resilient expansion. Household demand in Europe showed tentative signs of recovery thanks to employment resilience, supporting services at the aggregate level. However, this recovery was anaemic and unstable due to the lingering effects of the recent inflationary crisis: despite the cooling of inflationary pressures and the ensuing recovery in real incomes, households only partially recovered the loss of purchasing power caused by rising prices in recent years, a factor that reduces their propensity to consume.

China showed signs of weakness in the services and real estate sectors, which was partly offset by the resilience of the industrial sector thanks to Beijing's support for strategic industries, such as electric cars and high tech sectors. In September, the authorities started to take some measures to address the subdued domestic demand, notably through an expansionary monetary policy. However, the implementation of possible policies to directly stimulate household demand — which have only been announced so far while they would be crucial to provide a significant boost to Chinese growth — remains uncertain.

On the political side, 2024 witnessed numerous elections in major countries including the United States, India, Japan, France and the United Kingdom. In many cases, the opposition proved to be stronger than the governments in office, as in the US and the UK. Even when the majority parties retained power, they were often weakened, as in India and Japan. In France, the elections did not result in a clear parliamentary majority, leading to a minority government that fell in December following a no-confidence vote. In early 2025, Germany saw a power shift with the victory of the CDU/CSU, which inherited a daunting to-do list, including reviving economic growth and achieving greater European strategic autonomy.

International trade is expected to be negatively affected not only by heightened geopolitical tensions, but also by the announced tightening of the US trade policy.

At the geopolitical level, the situation remains complex, as the Russian-Ukrainian conflict was at a standstill throughout 2024, with some escalation linked to the involvement of North Korean soldiers and targeted attacks on Russian territory. The year 2025 began with a proposal for peace negotiations between Russia and Ukraine, which are still ongoing and marked by a central focus on security guarantees and significant tensions in relations between the United States, Europe and Russia.

In the Middle East, Israel's retaliation spread from the Gaza Strip to Lebanon, leading to mutual attacks also with Iran. An important ceasefire agreement was reached in early 2025, but the situation and relations between the parties remain tense. The fall of Assad in Syria was a major event for the region, with strategic implications for Turkey, Iran and Russia.

INDUSTRY OVERVIEW

GROUP POSITIONING

RETAIL

The market context remained extremely complex in 2024 due to the volatility of commodity prices, which fluctuated significantly over the year.
Despite the fall in energy costs and the stabilisation of inflation, the price of coffee rose sharply for both exchange-grade coffee and for varieties traded on a differential. Arabica reached highs of over 3.20 $/lb, surpassing 1977 levels, while Robusta reached an all-time high of 5,500 $/tonne. The price of green coffee was impacted by several factors, but mainly by the structural imbalance between global demand and supply from coffee-growing countries, which are increasingly struggling to meet demand for coffee due to adverse weather conditions, as well as to uncertainty over the timing of the entry into force of the EUDR, which will affect the entire supply chain.
The industry reacted differently in 2024 in order to mitigate the economic impacts of the increase in commodity costs: in the first half of the year, the main players adopted a more wait-and-see approach, benefiting from the earlier price increases and from the residual stocks from 2023, particularly for Arabica coffee; in the second half of the year, the players adopted more aggressive pricing strategies so as to offset the increase in raw material costs and their prospects for 2025.
In line with recent years, mass retail reacted differently by store chain and geographical area. To protect consumers' purchasing power, some impeded suppliers' increases and/or proposed decreases to their price lists or the prices of their private labels to maintain turnover; others sought to maintain short-term profitability, further impacting end consumer prices and increasing trade margin more than proportionately with respect to the absolute impact of the industry's price list manoeuvres.
In this uncertain context, the retail coffee market, in the 15 largest geographical areas for the Group, recorded a 0.6% decline by volume compared to the beginning of the year, offset by inflation by value (+0.8%). In line with the value strategy pursued in the year, Lavazza Group lost volume share globally (-0.7 points), while its value share remained flat (-0.1 points). The segment in which the Group performed best by volume and value was Nespresso® Compatible Capsules, with an increase in total market share of 0.7 percentage points.

The Group's volume share was impacted in the most mature geographies as a result of loss of competitiveness due to a price increase, in line with the value strategy, whereas it reported organic growth in minor geographies such as Denmark (+1.0 point), Poland (+0.5 points), Spain (+0.3 points), Romania (+0.2 points) and Sweden (+0.2 points) thanks to the distribution increases.

SIGNIFICANT INCREASE IN ARABICA AND ROBUSTA GREEN COFFEE PRICE

E-COMMERCE

The acceleration of online purchasing behaviour witnessed during the pandemic period proved solid and structural.
In 2024, the growth of online purchases on pure online platforms remained constant, supported by promotions and subscription offers that encouraged consumers to use these services more frequently.
The home delivery and click & collect services provided by traditional retailers also continued to grow, albeit slightly declining compared to previous years. In any case, investments in digitalising their services to satisfy new purchasing habits did not decrease. To complement the online services provided so far, more and more retailers are adding marketplace solutions where producers can publish and sell their products independently. The aim is to broaden the offer to attract more and more new customers, while avoiding the costs of directly managing the procurement and logistics aspects.
Expectations remain positive also for the coming years, with projections showing a steady increase in online sales of both coffee products and coffee machines, although this segment is experiencing a slight growth slowdown after the significant boost seen in previous years due to the transfer of volumes from the physical to the online channel.
In this context, Lavazza Group's e-commerce segment continued to grow in line with the aforesaid acceleration in the main geographical areas, even exceeding the benchmarks in countries such as the US, the UK and France. These results were obtained by consolidating the initiatives aimed at strengthening control on the segment and by intensifying promotional activities, particularly in online platforms, as well as on the proprietary websites. In this regard, worthy of note is the significant contribution of the MaxiCoffee.com platform, which has been a leading player in France in the whole-bean coffee and coffee machine segments for several years. It is now embarking on a path of international expansion bringing leading it to achieve an increasingly solid footprint in other key European geographies, such as Germany and the United Kingdom, which recorded a strong growth in 2024.
The process for evolving the business models adopted to date continued, in order to strengthen the channel's responsiveness, expand the product range and seize new business and segment opportunities (e.g. B2B).

AWAY FROM HOME

FOOD SERVICE (HORECA)

The year 2024 was marked by the consolidation and further growth for the Lavazza's Food Service channel, reporting a +9% rise in volumes compared to 2019 (pre-pandemic year). The growth was driven by consolidation of the recovery in the main market segments such as the hospitality, restaurant and café sectors, which recorded positive trends in many geographical areas, also thanks to a price positioning aligned with the new market conditions. However, the travel sector showed signs of slower recovery, with specific difficulties in the corporate component.

In 2024, Lavazza focused its efforts on long-term strategic initiatives to increase the value of the Food Service channel. These include:

- the expansion in high-profitability markets, such as North America, which rose by +17% compared to 2023;
- the optimisation of the go-to-market strategies in lower-margin markets to improve profitability;
- the strengthening of the presence in strategic markets, with a special focus on expanding the product portfolio and enhancing brand equity.

Moreover, the performance reported in emerging markets, including APAC (+28% compared to 2023) and MEA (+21% compared to 2023), exceeded expectations establishing themselves as key pillars of the Group's growth. In parallel, mature markets such as Italy and France, maintained their solidity, reporting a moderate growth (+4% and +3% compared to 2023, respectively).

OCS VENDING

In 2024, the OCS Vending channel continued on the stabilisation and recovery path seen in recent years, although some challenges related to structural changes in post-pandemic consumer habits remain. Consumption grew further compared to 2023, driven by a performance that varied across different geographies and product segments.
Changes in the ways of working, such as the spread of flexible working policies and the reduction of commuting, continued to influence the dynamics of the channel. In particular, capsules showed a stable trend compared to 2023, while the coffee beans segment grew by +5%.
At geographical level, there were clear differences in the recovery dynamics:

- Italy and France confirmed their modest uptrend, increasingly closing the gap with pre-pandemic levels;
- the Americas benefited from targeted strategies that led to an 11% growth in the single-serve coffee category compared to 2023, partially offsetting the difficulties attributable to the contraction of the white-collar segment due to the change in post-pandemic consumption habits.

In Central and Northern Europe, where the Group operates mainly through the Lavazza Professional and MaxiCoffee business units, the channel offers several development opportunities linked to the evolution of new formats (such as micro markets or automatic coffee stations) characterised by a wider product range and greater digitalisation. These characteristics allow to offer end-consumers added-value shopping and experiences, while also enabling greater automation in the beverage and snack/food vending sectors, which are marked by increasing difficulties in finding qualified HoReCa staff.

In a constantly changing context, the Lavazza Group increased its focus on strategic initiatives aimed at supporting the recovery and expansion of the OCS Vending channel, including the implementation of targeted solutions for underpenetrated markets and the introduction of new products, formats and solutions in line with consumer preferences.

SIGNIFICANT EVENTS IN THE YEAR

In 2024, Lavazza Group consolidated its international footprint and its focus on the new generations so as to enhance the brand and support future growth.

During the year, the acquisition of a 49% interest in the share capital and voting rights in the Shareholders' Meeting of the IVS Group S.A. ("IVSG"), a Luxembourg-based company at the head of the IVS Group — the market leader in Italy and second player in the European Union in the vending market, was completed.
In April 2024, the Company, together with Torino 1895 Investimenti S.p.A. (a subsidiary of Finlav S.p.A.) and IVS Partecipazioni S.p.A. ("IVSP"), the majority shareholder of IVSG, announced the signing of binding agreements aimed at carrying out a transaction (the "Transaction"), including the launch by Grey S.à.r.l. ("Grey"), a newly incorporated Luxembourg vehicle wholly owned, as of the date of announcement of the Transaction, by the Company, of a voluntary totalitarian tender offer on IVSG shares (the "Offer" or the "Tender Offer"), then listed in Italy on Euronext Milan, STAR segment ("EXM"), a regulated market organised and managed by Borsa Italiana S.p.A., with a consideration for the Offer equal to €7.15 per share tendered to the Offer.
The Offer was aimed at obtaining the delisting of IVSG shares from EXM (the "Delisting").
The results of the voluntary totalitarian tender offer were announced on 30 September 2024. Taking into account the purchases of IVSG shares made by the Company and Grey outside the Offer and the fulfilment by ECS and IVSP of their commitments to contribute IVSG shares — undertaken upon signing the agreements announced in April 2024 —, Grey acquired ownership of an amount of shares representing 99.58% of the capital and the associated voting rights of IVSG.
Following the exercise of the right to squeeze-out the remaining IVSG shares (accounting for 0.42% of the capital and voting rights of IVSG) as a result of the bid pursuant to Article 15 of the Luxembourg Takeover Law, the delisting of the IVSG shares from the Euronext Milan market, STAR segment, was ordered by Borsa Italiana Decision No. 9022 effective 30 October 2024.
On 18 December 2024, the merger of Grey into IVSG was approved. As a result, the Company directly holds 49% of the share capital and voting rights of IVS Group S.A. (parent company of the IVS Group).
In the context of the overall Transaction, call options exercisable by ECS and put options exercisable by IVSP were agreed on the IVSG shares held upon exercise by IVSP. Call and put options will be exercisable following approval of the Consolidated Financial Statements of IVSG at 31 December 2026, i.e. from 2027 and until 2034. Following the exercise, if any, of options and, subject to obtaining the necessary regulatory approvals, ECS and accordingly Lavazza Group would acquire control over IVSG.
The IVS (International Vending Services) Group, established in 1972, is the leader in Italy and second player in the European Union in the vending market, with over 277 thousand vending machines which dispense over 990 million of vends per year. The Group, based in Seriate (Bergamo, Italy) employs more than 4,390 people and has over 60 companies and 128 branches operating throughout Italy, as well as in Spain, France, Switzerland, Germany, Portugal and San Marino.
Moreover, through the ECS sub-holding company, Lavazza Group also completed other acquisitions in the vending sector in France and Germany in order to consolidate its positioning in these key markets. In particular, in France the MaxiCoffee Group acquired Saveur Express'O, a company operating in the OCS Vending segment in the Lyon area, as well as in the e-commerce segment with the Coffee-Webstore website, and Avantages Café, a French company specialising in the OCS segment for B2B customers. In Germany, Lavazza Professional Germany acquired Phönix G.m.b.H, operating in the vending segment in the Köln region, Germany.
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2024 was a year packed with initiatives for the Group, with the aim of continuing to develop brands such as ¡Tierra!, Espresso and Tales of Italy, and communication, dealing with socially relevant contemporary topics. The main activities carried out during the year are illustrated below.

¡TIERRA!

Aware that sustainability has now become an integral part of daily life, during the year the Group continued to support its ¡Tierra! brand, the perfect combination of excellence in taste and sustainability.
¡Tierra! is inspired by the projects of the Lavazza Foundation and its commitment to the coffee-growing communities, with the aim of promoting good agricultural practices, protecting the environment and supporting the economic and social development of the communities involved.
In 2024, two initiatives were implemented to strengthen the Company's commitment in favour of sustainable practices through tangible, innovative projects: Lavazza ¡Tierra! For Cuba and Lavazza ¡Tierra! Special Edition. The project in Cuba, which stemmed from the collaboration of the Lavazza Foundation with several local organisations, aims at highlighting the crucial role of women and young people in the production chain and strengthening farming skills leading to a higher efficiency in coffee production.
The product was at the heart of the campaign implemented on the World Earth Day. Starring comedian and digital creator Adrian Bliss, the project satirically recounts the risk of coffee's extinction as one of the effects of climate change and underlines the Lavazza Foundation's commitment in training coffee growers.
¡Tierra! Special Edition celebrates the 20th anniversary of the Lavazza Foundation and the sustainability projects aimed at protecting the areas of origin and respecting local communities. The coffee comes from Ecuador, where the Lavazza Foundation collaborated with the Government of Ecuador, local producers, and the United Nations Development Programme (UNDP) to promote the production of sustainable and high-quality coffee, protecting forest heritage and natural landscapes while also supporting local community commitment.
International Coffee Day was another occasion to celebrate the Lavazza Foundation's 20th anniversary and recounting, together with BBC StoryWorks, the story of 20 of its protagonists, silent heroes who work every day to improve the coffee world. Moreover, numerous events were held to thank partners who have accompanied the Foundation along the way and to reiterate its commitment to generating shared, synergistic value together with local communities. 10 events (both in presence and online) were held, which involved over 3,000 both internal and external people, 30 hours of storytelling, 20 partners engaged and over 50 speakers.

TALES OF ITALY

The year 2024 saw the launch of a new Lavazza-branded premium product range developed for both the At Home and the Away From Home channels. Tales of Italy. The new collection celebrates Lavazza's Italian heritage in a modern way, appealing to even the youngest coffee consumers and taking them on a journey throughout Italy thanks to a coffee tasting experience.
The products in the Tales of Italy range are all of the highest quality and are inspired by the iconic Italian cities they are named after. From Milan to Naples, via Rome: three exclusive blends of premium quality that will take consumers on a journey through Italy's iconic cafés.
The launch in the At Home channel includes ground coffee, whole beans and Nespresso® compatible capsules, with distribution in the European and Australian markets.
The new Tales of Italy collection was also conceived for the café experience, with a view to taking consumers on a journey through Italy's cafés.

TALES OF ITALY: a journey FROM NORTHERN TO SOUTHERN ITALY

DECAF

The year 2024 also saw an important relaunch for the world of decaffeinated coffee, with the new Decaf range.
The range consists of two products: "My Easy Day" with a classic taste, and "My Rich Break" with a more intense taste, available in the ground and whole bean formats and in A Modo Mio and NCC capsules, thus offering a comprehensive range to guarantee choice and variety of taste. The relaunch strategy was strongly focused on the high quality of the product, thanks to the natural decaffeination process that preserves the aromas and delivers a full and rich taste.
The new packaging, with its modern and contemporary graphics, together with the "Anytime is coffee time" campaign, aims to remind people that Decaf is perfect for enjoying a coffee break at any time of the day: in the evening before going to bed, during a break with friends or while reading a good book.
The international relaunch started from Germany in July 2024 and as of November 2025 will also involve the other markets.

ESPRESSO

Espresso remained the protagonist in 2024 as well, with a strong focus on the Barista range, the utmost expression of Lavazza's mastery in the preparation of a perfect espresso. Communication revolved around the professional "slow roast" that allows to enjoy the aroma and creaminess of an authentic Italian espresso at home. The "Aroma of Mastery" campaign focuses on what essentially makes the range stand out: excellent quality, thanks to Lavazza's over a century of experience in the art of blending, and a painstaking roasting process that enhances its fine aromas.

NCC FLAVOUR

Lavazza presents Espresso Gourmet, the new premium range of Nespresso® Original compatible capsules that in 2024 added two new flavours: chocolate and caramel.
Espresso Gourmet Chocolate, a blend of Arabica and Robusta, offers a full body and strong chocolatey notes, with a medium roast to enhance the balance of the blend. Espresso Gourmet Caramel, a 100% Arabica blend, is balanced and delicate, with a sweet touch and fruity and floral notes. It is medium roasted as well to enhance its caramel flavour.
The "A flavour explosion" communication toolkit, dedicated to the NCC flavour range, describes the intense taste experience that awaits those who discover these new flavoured coffees. This range enhances Lavazza's sensory identity, designed for those looking for rich and satisfying taste experiences.

DOLCEVITA

The American market represents a strategic asset for Lavazza's growth in the medium-long term. This is why, in 2024, Lavazza launched Dolcevita, a dedicated product range that celebrates the Italian lifestyle in a fresh and contemporary way. Every sip of coffee will be like a journey through picturesque landscapes, lively squares and moments of conviviality typical of Italy.

A CUP OF LEARNING

At the beginning of 2024, on the occasion of the Sanremo Festival, the "Lavazza with The Sea Beyond" campaign was launched to recount the story of the brand's collaboration with the RAI TV series starring Massimiliano Caiazzo, the actor who plays Carmine Di Salvo in the hugely popular TV series.
At the heart of the campaign's storytelling is "A Cup of Learning", the training coffee programme that the Lavazza Foundation provides in Italy and abroad in partnership with third-sector entities. The programme is conceived for young people — some of whom come from vulnerable social backgrounds — and aims to give them the opportunity to work in the coffee sector.
The Lavazza Foundation's commitment and the Naples-based edition of the "A Cup of Learning" programme were also a source of inspiration for the collaboration between the Company and RAI. In the fifth season of The Sea Beyond series, the characters will in fact take part in a social project inspired by the Lavazza Foundation's day-to-day activities in various cities in Italy and abroad.
This idea gave rise to an integrated project, launched on various channels, which tells the Lavazza Foundation's commitment and the stories of the young people who have attended the many training initiatives offered by "A Cup of Learning".
The campaign key visual is represented by upside-down cups, symbolising a new opportunity to be seized — a visual idea, a powerful image, as only true stories can be. "What if a cup of coffee was enough to start a new life?" This question is answered by the TV advertisement in which Massimiliano Caiazzo, one of the protagonists of the series, walks among many upside-down cups bearing the names of the young people who have taken part in courses organised by the Lavazza Foundation, and recounts how training can help acquire new skills and spread the culture of coffee, turning a passion into a profession.

"A Cup of Learning"
LAVAZZA CAMPAIGN WITH "THE SEA BEYOND"

GLOBAL CAMPAIGN

In August 2024, Lavazza launched a new global campaign recalling that, in the AI era, pleasure makes us human.
A simple cup of coffee means many things to each of us: a short break, a brief moment to boost energy, a moment to ourselves or an opportunity to share with those we love. For Lavazza, coffee is undoubtedly synonymous with the pleasure of a delicious break.
In today's hectic world, there is no better time to talk about pleasure. Our lives are getting busier every day and we are constantly hearing about the extraordinary progress of AI. While technology evolves to support us, it is important to recall what makes us uniquely human: the ability to experience and express pleasure.
The hero of the film is Luigi, a cute office coffee delivering machine. Every day, Luigi witnesses the joyful reactions of his human colleagues when they drink their Lavazza coffee, until he develops the secret dream to taste it too. Will a robot be able to experience what humans feel?
The campaign is starred by the funniest Hollywood duo: Steve Carell and John Krasinski. The two actors bring all their humour and charm to the story, interacting and joking with Luigi in several episodes and other content that will be distributed through a range of media channels in various countries.

GLOBAL CAMPAIGN:
Pleasure makes us human

Photo by Omar Victor Diop, 2025 Lavazza Calendar "Let's Blend! 130 Years Forward"

2025 CALENDAR

The 2025 Lavazza Calendar celebrates 130 years of history with an eye to the present and the future. This edition puts into the foreground all people who contributed, contribute and will contribute to the Lavazza brand's success. Together, but without categories: "Let's Blend" is the title of the 2025 Calendar. Following on from the last two editions of the Calendar, which focused on collaboration and inclusion, for 2025 Lavazza chose the concept of "blend" as the main theme of its aesthetic reflection that inspired the photographs of the new Calendar, signed by Omar Victor Diop.

LET'S BLEND:
2025 Calendar

TOP GASTRONOMY

In 2024, the aim was to forge ahead with the previous year's strategic goal: developing communication projects while continuing to strengthen the brand's premium position, but in a more contemporary style.
With this in mind, the attention to sustainability, understood both in an environmental and social sense, people enhancement and the authenticity of the stories told were at the heart of the projects implemented during the year.
And it is precisely the recount of true valuable stories focused on sustainability that guided the development of the first LinkedIn format focused on Top Gastronomy. With "Cook for Better - The ingredients for sustainability", Lavazza's long-standing Global Chef Ambassadors (Oldani, Cracco, Niederkofler), together with the new ones (Zoboli and Pavan), used three symbolic ingredients to explain the origins of their sustainability philosophy from a personal point of view (team value, respect for the territory, gender balance and new generations). The result was an intense and authentic story in which the reference to Lavazza coffee, served at their restaurants, appears as a harmonious and natural choice in the context of the values that inspire their cuisine.

"Cook for Better"
THE INGREDIENTS FOR SUSTAINAIBILITY

THE GREAT TENNIS

In 2024, Lavazza consolidated its link with the world of tennis, with the aim of supporting the brand's international expansion. During this season, over three million people had the possibility to enjoy the real experience of authentic Italian espresso, contributing to achieving extraordinary results and setting new records at all the tournaments sponsored by the brand, i.e. the Grand Slam, Mutua Madrid Open, Rolex Shanghai Masters and Nitto Atp Finals tournaments.

The tournaments were an opportunity to reiterate our commitment to sustainability, always at the heart of Lavazza's corporate strategy, making it possible for coffee and tennis enthusiasts to enjoy our sustainable La Reserva de ¡Tierra! Cuba brand at the Paris Roland Garros, but also, for the first time, at the Madrid Masters 1000, an event which allowed to increase brand visibility in the emerging Spanish market. Wimbledon also provided the perfect setting for the debut of Tales of Italy, a symbol of Italianness in the UK, while the US Open saw the launch of the new Dolce Vita brand, bringing a taste of Italy to New York. Moreover, during the American Slam the new global campaign starred by Steve Carrell and John Krasinski was presented.
Lavazza's commitment in the world of tennis was further strengthened with the renewed partnership — for the second year running — as a Prestige Sponsor of the Rolex Shanghai Masters, the only Master 1000 in Asia. Thanks to this collaboration, that will continue until 2025, Lavazza brings the real experience of Italian coffee in China, strengthening its presence and positioning strategy in this market.

The tennis season reached its grand finale at the Nitto ATP Finals, where Lavazza, as Platinum Partner, promoted excellence by relaunching the A Modo Mio range with the campaign "Excellence is a choice", starring its brand ambassador Jannik Sinner, the first Italian to reach the top of the ATP rankings, as the main face. Within the Inalpi Arena, Lavazza recreated a real film set, the A Modo Mio "Home of Masters", where the best coffee meets top-level tennis and where visitors had the chance to become protagonists of a one-of-a-kind story of excellence.

LAVAZZA AND LUXURY BRANDS:
partnership with Lamborghini

LAMBORGHINI

The partnership with Lamborghini marks a new starting point for Lavazza's collaboration with major luxury brands. The primary objective is to support the brand's international expansion, allowing the markets to leverage Lamborghini's strong positioning and reputation to enhance the Lavazza brand's recognition and perception.
The holistic approach applied to the relationship between the two Italian leaders allows Lavazza, on the one hand, to support Lamborghini as its "official coffee" and, on the other hand, to be granted the licence to use the Lamborghini's brand to develop co-branded products and campaigns.
In its role as "official coffee", Lavazza installed an Oasi ¡Tierra! coffee break area at the Museum within Lamborghini's headquarters in Sant'Agata Bolognese, offering visitors the chance to enjoy a perfect Italian espresso in a sustainable and welcoming setting. Lamborghini employees will also be able to enjoy the Lavazza products, as they have been added to the 60 vending machines located in the offices and factories and in the company's canteen. Some customised Lamborghini-branded coffee machines, in addition to docking stations produced reusing leather scraps from the Lamborghini interiors, were instead installed in the offices of the top management and the Board. However, Lavazza's initiatives do not end here: the Company is present at the two permanent lounges in New York and Tokyo and in the two temporary lounges in Porto Cervo and Monterey, in addition to participating to the main events deemed relevant to Lavazza (17 events in 2024). For these events, Lavazza has developed co-branded cups and saucers.

With regard to the "license", the first country to be activated was the same one where it was necessary to find a leading company to partner with: China. 2024 saw the design and implementation of the most successful campaign since the launch of the joint venture with YUM China. The performance results of the product activation and launch were the best ever, thanks to the right mix of the Lamborghini brand strength, recipes particularly appreciated by local consumers, merchandising and the media plan. A new Lamborghini campaign is planned for 2025 in the country, while in the rest of the world, particularly in the US, the Lavazza Espresso Lamborghini product will be launched, in a limited edition and with co-branded creativity.

The five-year partnership agreement will last until the end of 2028.

OTHER ACTIVITIES

In this context, the MaxiCoffee Group continued to invest in marketing activities with the aim to becoming a point of reference in the coffee sector, positioning itself as a specialist and creating the biggest community of coffee enthusiasts involved in numerous consumption occasions. In order to achieve this objective, MaxiCoffee has developed a broad range of content aimed at sharing knowledge on coffee and the related products through different sales and communication channels. Said content and catalogues are disseminated through a strong presence in search engines and social networks (including Google Shopping, YouTube, Bing, Meta) by means of ads, videos, content production or content generated by users. A significant portion of this content has been created in partnership with other industrial partners.

Moreover, during the year MaxiCoffee made significant investments to improve the presence of its e-commerce platform in a number of European countries, with the aim of expanding its footprint outside France and optimising the experience and path of customers at the coffee stations.

REAL ESTATE

In 2024, there were no substantial changes in Lavazza Group's real estate assets. Major management interventions were made and several buildings, including the Innovation Center, underwent renovation.

The scope remained unchanged compared to the previous year, without acquisitions or disposals both in Italy and abroad.

INDUSTRIAL INVESTMENTS

Industrial investments in Italian plants did not report substantial changes compared to the previous year, whilst an increase in the invested capital was witnessed in relation with foreign plants.
The first phase of expansion and innovation in the single-serve coffee segment was launched at the Gattinara plant, with the aim of achieving an increasingly environmentally sustainable consumption approach.
A significant project was implemented at the Turin plant to modernise process plants, particularly those related to the storage and transport of green and roasted coffee.
As regards Roast&Ground, new installations will be made at the Lavérune plant (France) with the aim of moving production closer to end markets.
Significant investments were made at the Basingstoke plant (UK), where a new line for producing KLIX paper cups has recently been installed, while at the West Chester plant (USA) work began on upgrading the roasting process, which will be completed in the next financial year.
For all plants, investments continued in order to maintain an adequate level of performance; a series of activities also continued to ensure respect for the environment, energy savings and increased workplace safety.

With regard to environmental impact, 7 plants out of 9 are powered by electricity obtained from renewable sources. Since 2020, the reduction activities, along with the offsetting process, have resulted in the neutralisation of Scope 1 and Scope 2 emissions, i.e., direct and indirect emissions from electricity, associated with the activities of the Lavazza Group companies. In 2024, the Group continued to pursue its commitment to reducing and gradually offsetting indirect Scope 3 emissions, i.e., those due to activities throughout the value chain not under direct company control.

All investments made in these fields were in line with the Sustainable Development Goals 12: Responsible Consumption and Production and 13: Climate Action, defined in the UN 2030 Agenda — both of them a priority in the Group's sustainability strategy.

FINANCIAL PERFORMANCE OF THE LAVAZZA GROUP

The year 2024 was again marked by considerable complexities with regard to the global economic context. Markets remained highly volatile, while inflation, albeit lower compared to the previous years' peaks, continued to impact the processing, transport and distribution costs.

The coffee industry has been facing a long, complex period: from the increase in the cost of raw materials to the impact of climate change, from the decline in Robusta production to geopolitical crises, in addition to the major European papers including the Packaging and Packaging Waste Regulation (PPWR) and the European Union Deforestation Regulation (EUDR). In spite of these challenges, the Lavazza Group showed strength and flexibility, improving gross margins and confirming significant revenues and EBITDA.

The year 2024 was characterised by a further upsurge of coffee prices; the persistent raw materials cost increase and inflationary context impacted consumer prices, with consequences on the consumers' purchasing power across all markets. This led to lower sales volumes and a coffee market downtrend in 2024 as a result of the difficulties faced by the whole industry due to the increase in the cost of raw materials and the associated conditions.

Lavazza Group's turnover grew. Geographical diversification made it possible to better absorb the negative impacts in Europe, confirming the resilience and ability to adapt in a difficult competitive context. The Group focused its strategy on protecting profitability in order to allow to maintain investment capacity and people protection. This enabled to focus energies on growth in the United States and to maintain a significant growth in the mature European markets, in spite of lower volumes in some key geographies including Italy and France.

Net financial position was negative at €511 million at the end of 2024 as a result of M&As, in particular the acquisition of a 49% stake in the IVS Group as part of a tender offer completed in 2024.

The tender offer on the IVS Group launched in April 2024 and the possible exercise of options as of 2027 could contribute to consolidating the Group's position, ensuring the future expansion of the Group's portfolio and capabilities, with a particular focus on the Vending and OCS (Office Coffee Service) channels. The Lavazza Group's adoption of omnichannel technologies and strategies will facilitate direct consumer access: through its investee E-Coffee Solutions S.r.l. (ECS), the Group will become a global benchmark in the fragmented Vending sector.

ACQUISITION OF 49% OF IVS GROUP

E-Coffee Solutions S.r.l. (ECS) is a company of the Lavazza Group whose purpose is to develop and expand internationally the management activity in the OCS/Vending sector and an e-commerce platform specialised in the sale of coffee and the related products, based on a multi-brand business model strongly characterised by technological innovation. ECS operates through the Lavazza Professional and MaxiCoffee businesses.

E-COMMERCE FOR A HIGH-TECH multi-brand business

2024 was the first full year from the acquisition of MaxiCoffee — which occurred in March 2023 — and the results were positive. The acquisition strengthened Lavazza Group's multi-brand strategy, further consolidating its market positioning.

The process for improving the operating and financial management of the Group continued: in 2024, it focused on net working capital and cash generation, with resulting cash flows from operating activities (excluding acquisitions and dividends paid) significantly positive and sharply improved compared to the previous year.

CONSOLIDATED OPERATING, CAPITAL AND FINANCIAL SITUATION OF THE LAVAZZA GROUP

RECLASSIFIED STATEMENT OF PROFIT OR LOSS

€ million	YEAR 2024	RATIO %	YEAR 2023	RATIO %	CHANGE	% CHANGE
Net revenues	3,349.1	100.0%	3,068.9	100.0%	280.2	9.1%
Cost of sales	(2,287.6)	-68.3%	(2,163.6)	-70.5%	(124.0)	5.7%
GROSS PROFIT	**1,061.5**	**31.7%**	**905.3**	**29.5%**	**156.2**	**17.3%**
Promotional and advertising costs	(204.9)	-6.1%	(177.2)	-5.8%	(27.7)	15.6%
Selling costs	(292.2)	-8.7%	(263.1)	-8.6%	(29.1)	11.1%
General and administrative expenses	(374.9)	-11.2%	(325.7)	-10.6%	(49.2)	15.1%
Research and development costs	(16.8)	-0.5%	(15.3)	-0.5%	(1.5)	9.8%
Other operating income (expense)	(27.1)	-0.8%	(14.0)	-0.5%	(13.1)	93.6%
Non-recurring income (expense)	(10.2)	-0.3%	(5.7)	-0.2%	(4.5)	78.9%
Income (losses) for investments in JVs and associates	(4.9)	-0.1%	(7.5)	-0.2%	2.6	-34.7%
EBIT	**130.5**	**3.9%**	**96.8**	**3.2%**	**33.7**	**34.8%**
Of which amortisation and depreciation	(181.6)	-5.4%	(166.2)	-5.4%	(15.4)	9.3%
Of which EBITDA	**312.1**	**9.3%**	**263.0**	**8.6%**	**49.1**	**18.7%**
Financial income (expense)	(5.7)	-0.2%	(9.9)	-0.3%	4.2	-42.4%
Dividends	0.5	0.0%	0.5	0.0%	-	0.0%
PROFIT BEFORE TAXES	**125.3**	**3.7%**	**87.4**	**2.8%**	**37.9**	**43.4%**
Income taxes for the year	(42.9)	-1.3%	(19.5)	-0.6%	(23.4)	120.0%
PROFIT FROM CONTINUING OPERATIONS	**82.4**	**2.5%**	**67.9**	**2.2%**	**14.5**	**21.4%**
PROFIT/(LOSS) FOR THE YEAR	**82.4**	**2.5%**	**67.9**	**2.2%**	**14.5**	**21.4%**
PROFIT/(LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**0.1**	**0.0%**	**0.1**	**0.0%**	**-**	**0.0%**
PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**82.3**	**2.5%**	**67.8**	**2.2%**	**14.5**	**21.4%**

2024, the Group's revenues amounted to €3,349 million, up 9.1% compared to 2023. The 12-month integration of MaxiCoffee — a French multi-channel coffee platform acquired by Lavazza Group in March 2023 — contributed to this result. Net of royalties, turnover totalled €3,271 million, compared to €3,013 million in 2023, with an 8.6% increase.

Royalties, amounting to €78 million (€56 million in 2023, for the nine months recognised during the year), were included in the costs of sales and related to the amounts paid by the MaxiCoffee Group in connection with the placement of vending machines at the premises of the parties that provide the spaces.

REVENUES AT €3.35 BILLION
+9.1%
VS. 2023

The Group's **EBITDA** was €312 million, up compared to €263 million for 2023. EBITDA margin was 9.3% compared to 8.6% in 2023.

EBIT was €130 million, up compared to €97 million for 2023 (+33.7), with EBIT margin at 3.9%.

Net profit amounted to €82.4 million, up compared to €67.9 million for 2023.

This performance was the result of the positive contribution of the financial component, which, in spite of worsened net financial position, improved by approximately €4 million, due to a prudent and careful financial management, while income taxes increased by €23 million chiefly due to the higher taxes of Luigi Lavazza S.p.A.

SALES PERFORMANCE

The Group reported an increase in turnover across all the channels in which it operates, in particular in the Away From Home and E-Commerce segments; the latter reported a growth slightly under 20% compared to 2023.
As regards the At Home channel, the sales volume declined compared to the previous year (generally, the coffee market overall reported a slight reduction compared to 2023); this was chiefly attributable to the price list adjustments introduced following the rise in raw material costs.
Conversely, in the Away From Home channel volumes substantially consolidated, with a positive contribution from the pricing increase in 2024.
The Beans segment continued to grow, confirming itself as the most dynamic on the market in 2024 as well. Taking into consideration the 15 main geographies where the Group operates, the Beans segment increased its market share by value by 8.3% compared to 2023; Lavazza Group mitigated a modest loss in its value share, resulting from a balancing of the pricing and promotional policies. The Single Serve segment recorded a slight reduction (-0.1%) in its market share by value, while the Group gained +0.1% of market share by value, with a good growth in the NCC compatible capsule segment, with a growth by value of +15.3% compared to 2023 against a market growth of 5.4% compared to the previous year.
At geographical level, the Group reported significant sell-out growth rates by value in the retail channel in most of the markets in which it operates, in particular in the United States (+2.2%), Poland (+9.5%) and the UK (+3.8%). In Italy — a more mature market — it also reported a 2.5% increase compared to 2023.
Comparing the 12-month performance, the MaxiCoffee Group, acquired by Lavazza in March 2023, increased its turnover by 8%: both for the e-commerce channel (+7%) and the OCS channel (+8%) the higher turnover resulted from organic growth, but also from the acquisition of two new companies in 2024. Worthy of note are several new initiatives implemented in 2024 in the e-commerce channel aimed at building customer loyalty, increasing penetration in the B2B channel, expanding the business outside France and launching the Phygital project (cross-contamination of the OCS - e-commerce customer base). Challenges in the OCS channel in 2024 related, on the one hand, to the management of increased procurement costs of vending products (coffee in particular) and the related impact on pricing and, on the other, to actions to increase efficiency of operating activities, also thanks to the integration of the newly acquired companies.

BEANS SEGMENT
+8.3%
VS. 2023

MAXICOFFEE GROUP: TURNOVER AT
+8%

CAPITAL AND FINANCIAL SITUATION

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

€ million	31.12.2024	31.12.2023	CHANGES
Inventories	613	562	51
Trade receivables	335	308	27
Trade payables	(416)	(338)	(78)
Other assets (liabilities)	4	(7)	11
Total net working capital	**536**	**525**	**11**
Property, plant and equipment	623	616	7
Intangible assets	1,711	1,692	19
Right of use	226	217	9
Non-current financial assets	365	61	304
Deferred tax assets/(liabilities)	(50)	(34)	(16)
Provisions	(155)	(126)	(29)
Provision for employee severance indemnities	(70)	(71)	1
Total net fixed assets	**2,650**	**2,355**	**295**
TOTAL INVESTED CAPITAL	**3,186**	**2,880**	**306**
Equity	**2,675**	**2,588**	**87**
Financial receivables and other non-current assets	(26)	(37)	11
Current financial assets	(312)	(437)	125
Cash and cash equivalents	(200)	(200)	-
Payables to banks and other non-current liabilities	644	769	(125)
Payables to banks and other current liabilities	405	197	208
Total net financial position	**511**	**292**	**219**
TOTAL FINANCING SOURCES	**3,186**	**2,880**	**306**

Net working capital amounted to €536 million, up €11 million compared to €525 million at 31 December 2023. This change was attributable to the following factors:

- an increase in the value of inventories (€51 million), chiefly due to the price effect;
- an increase in trade receivables of €27 million, as a result of the turnover expansion;
- an increase in trade payables of €78 million, with improved average payment time and a careful supplier management.

Net fixed assets totalled €2,650 million compared to €2,355 million at 31 December 2023.
The change in the year was mainly due to the acquisition of a 49% interest in the IVS Group.

Accordingly, financial assets grew due to the acquisition of a stake in the IVS Group (€319 million), while they declined as a result of the disposal of a stake in Tamburi Investment Partners S.p.A. for €4.7 million, and the adjustment to equity of the investments in associates.

Provisions for risks and charges increased after the decline recognised in the previous year following the payment of medium- and long-term bonuses and incentives. Provisions were adequate and related to risks and charges for industrial production conversion projects aimed at obtaining sustainable packaging, personnel costs — allocated by Luigi Lavazza S.p.A. against medium- and long-term bonuses and incentives for employees —, charges relating to company reorganisation.

Deferred tax assets/liabilities changed both for a reduction of deferred tax assets and an increase of deferred tax liabilities. Changes are illustrated in detail in the Notes to the Consolidated Financial Statements and primarily refer to the Parent Company.

RECLASSIFIED STATEMENT OF CASH FLOWS

€ million	YEAR 2024	YEAR 2023
PROFIT FOR THE YEAR	**82**	**68**
Income taxes	43	20
Financial expense/(income)	11	14
Value adjustments to financial assets and liabilities	(6)	(8)
(Gains) losses from disposal of assets	-	-
Additions to provisions, employee benefits and other non-monetary components	83	56
Amortisation, depreciation and write-downs	184	166
RESULT ADJUSTED FOR NON-MONETARY COMPONENTS	**397**	**316**
Change in trade receivables	(23)	(33)
Change in inventories	(45)	116
Change in trade payables	76	(211)
Change in other receivables/payables	(8)	47
CASH FLOW AFTER CHANGES IN NET WORKING CAPITAL	**397**	**235**
Taxes paid	(32)	(19)
Use of provisions and indemnities paid	(43)	(85)
Interest and dividends collected, interest (paid)	(10)	(13)
CASH FLOWS FROM OPERATING ACTIVITIES	**312**	**118**
Purchase of property, plant and equipment	(127)	(111)
Purchase of intangible assets	(23)	(24)
Other disbursements for investment activities	14	13
Acquisitions	(337)	(393)
CASH FLOWS FROM INVESTING ACTIVITIES	**(473)**	**(515)**
Dividends paid	(27)	(39)
CASH FLOWS FROM FINANCING ACTIVITIES	**(27)**	**(39)**
Other scope and non-monetary changes	(26)	(10)
Exchange rate effect	(5)	18
Cash and cash equivalent classified to asset held sales	-	-
CASH FLOWS GENERATED (USED)	**(219)**	**(428)**
Net financial position at year-start	**(292)**	**136**
Net financial position at year-end	**(511)**	**(292)**

Net financial position was negative for €511 million compared to a negative €292 million in December 2023.

As evidenced by the graphical analysis below, discretionary cash generation from core activities — excluding the dividends paid, acquisitions and other changes — was positive for €162 million compared to a negative €17 million in 2023.
In detail, the €312 million EBITDA inflows were offset by net investments in operating activities (€150 million), taxes and net interest paid (€42 million), and adjusted by the change in provisions and non-monetary components, which had an overall €42 positive impact on the discretionary cash generation.

Net investments in operating activities amounted to €150 million overall and can be broken down as follows:

- investments in property, plant and equipment (€130 million), mainly involving plant, industrial machinery and coffee machines on free loan for use provided to customers or directly used by the Group within the OCS/Vending distribution channel;
- investments in intangible assets (€22 million), primarily due to the costs incurred in order to adapt and implement the Group's software and IT and management systems;
- disposals mainly of property, plant and equipment recognised as a reduction of investments amounting to €2 million.

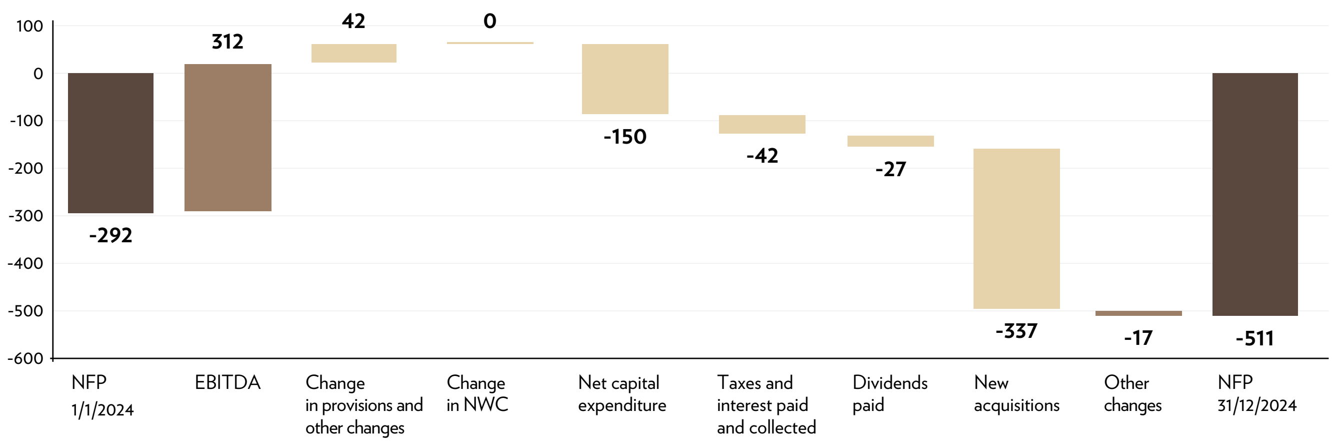
The change in net financial position was chiefly attributable to the following non-operating items:

- net acquisitions for €337 million;
- dividend payout for a total of €27 million;
- exchange rate effects and other changes mainly related to financial components (movement of derivatives, effects deriving from the changes in rights of use for third-party assets).

The impact of the acquisitions on net financial position, amounting to a negative €337 million, is broken down as follows:

- acquisition of a 49% interest in the IVS Group for €318.6 million;
- acquisition of Avantages Café S.a.s. for €9.8 million;
- acquisition of Saveur Express'O S.a.s. Vending for €7.8 million;
- acquisition of Automaten Phönix G.m.b.H for €1.2 million.

The following is a reconciliation between the net financial position at 31 December 2023 and the net financial position at 31 December 2024:



RISK MANAGEMENT

For many years, the Lavazza Group has used an internal control system consisting of organisational rules, procedures and structures that ensure that the business is run properly and in line with the goals set through a process for identifying, measuring, managing and monitoring the main risks.
This internal control and risk management system (ICRMS) aims at protecting corporate assets, the efficiency of business operations, the reliability of the information supplied to the corporate bodies and the market, and compliance with laws and regulations.

The Control, Risk and Sustainability Committee is tasked with supporting the Board of Directors of the Parent Company Luigi Lavazza S.p.A., through reporting, advisory, propositional and preliminary functions, in formulating guidelines for the whole ICRMS and in assessing its efficacy and effectiveness, so that the main risks (including sustainability-related risks) are properly identified and adequately measured, managed and monitored.
The various parties involved in the ICRMS, including ERM, regularly refer to this Committee.
In 2024 as well, the Group applied the ERM framework with a view to identifying, managing and mitigating risks, preserving value creation and ensuring the achievement of the Group's objectives. The integration of the ESG risk analysis, based on international best practices and in compliance with the guidelines set by the World Business Council for Sustainable Development (WBCSD) and the Committee of Sponsoring Organizations (COSO) framework, continued.

EXCHANGE RATE RISK

The year 2024 was characterised by several macroeconomic trends that will — at least partially — impact also 2025. In particular, inflation gradually cooled across the main member countries of the G10, with central banks therefore starting to cut their rates, except for Japan, which ended its zero-interest rate policy with the first hike in March, and Brazil's Central Bank, which launched a series of three rate hikes as of September 2024.
Economic growth was uneven, with the United States standing out for its exceptional GDP growth, which continued to accelerate reaching 3.1% in the third quarter and 2.8% on a yearly basis. The Eurozone instead struggled to achieve 0.9% in the third quarter, with annual growth projected at 0.7%. Some countries, such as Germany, experienced major difficulties, with a negative annual GDP of -0.2%.
Also China struggled to reach its 5% target due to still stagnant domestic demand, difficulties in the real estate sector and the government's crackdown on listed companies.
Furthermore, Trump's victory suggested the likelihood of a new trade war, which might result in tariffs on several countries and products, thereby increasing the uncertainty surrounding the 2025 economic forecasts.
Geopolitical risk — already high in 2023, with the Russia-Ukraine war and the conflict in the Middle East — further worsened with the Syrian crisis, the invasion of Lebanon and the likely China-USA tensions.
The end of the Ukraine-Russia gas transit agreement resulted in a surge in gas prices in the last months of 2024, with a high for the year of 50 €/MWh on the TTF market reached on 31 December, up 58% compared to January 2024.
The year 2024 also saw investors' enthusiasm towards AI, recognised as the most significant technological advance in decades. This led to an all-time record in Nvidia's share prices and a sharp growth in the prices of the whole tech sector.
The currency market was driven first by expectations associated with US elections and then by their outcome.
At the beginning of the year, the USD/EUR exchange rate was 1.095, subsequently moving in a 1.06-1.095 range until mid-August. The Euro reached its high on 23 August at 1.1192, to then weaken and reach a low against the Dollar on 18 December at 1.0353, impacted by the US economic data — largely better that European figures —, as well as by concerns that the tariffs announced by Trump may again increase inflation in the United States and accordingly lead the FED to a more prudent approach in the next meetings in 2025 against a ECB that, according to market estimates, will further cut rates by 100 basis points in 2025.
The average annual EUR/USD exchange rate was 1.0824 in 2024.
Exchange rate risk for raw material purchases was hedged primarily through forward purchases and derivative financial instruments.
In addition, the most significant foreign currency exposures, arising from sales in countries using currencies other than the Euro, were monitored and hedged. No speculative transactions were undertaken in managing exchange rate risks.

INTEREST RATE RISK

As expected, in 2024 central banks launched expansionary policies with rate cuts.
In June, the ECB made its first cut, followed by three additional cuts for a total of 100 points. The FED started to cut rates only in September, but with a total of three cuts — the first of which by 50 basis points — also lowering its rates by one percentage point overall.
However, expectations for 2025 are not homogeneous: the market expects that the FED will further cut its rates by just 40 points in 2025, while a 100-basis-point cut is expected by the ECB.
The US dollar yield curve shifted downwards for maturities up to 5 years compared to the previous year, with a delta ranging from 50 bps on 1-month maturities to 90 bps on 6-month maturities, to then gradually decrease to zero for tenors of more than 5 years.
By contrast, the Euro curve moved downward across all maturities — from overnight to 25 years — compared to the previous year, with a variation reaching a maximum of 129 basis points for the 6-month maturity and a minimum of 13 basis points for the ten-year, to instead stabilise for maturities up to 25 years.
The 10-year US Treasury bond yield fluctuated significantly throughout the year, driven by expectations for the FED's rate cuts that were repeatedly adjusted in response to the release of US economic data and the outcome of the elections. The yield began the year at 3.93%, subsequently rising in the first quarter to reach its high for the year of 4.705% on 25 April. It then declined reaching its low for the year of 3.61% on 16 September. Thereafter, it moved upwards and closed the year at 4.572% on 31 December.
In the first half of the year, the ten-year Bund followed the Treasury trend, with a yield of 2.06% on 2 January and gradually rising to a high of 2.69% on 29 May. It then fell as a result of the ECB's cuts to then retrace back to its low — already reached at the beginning of 2024 — standing at 2.034% on 2 December.
The BTP-Bund spread reached its high at around 169 bps at the beginning of the year, to then benefit from Italy's quite positive economic data compared to other European countries, and above all from its political stability, narrowing to a minimum of 106 bps on 11 December. At the same time, Europe was shaken by the political crises in Germany and France. The fall of the French government led the spread between the yield of the ten-year OAT and the German Bund to reach 90 bps, the highest level since 2012 and equal to the Greek spread.
In October 2024, capitalising on the decline in euro swap rates, it was decided to fully convert the loan taken out in 2023 to a fixed rate by entering into an Interest Rate Swap.

COMMODITY PRICE RISK

In 2024, the opening and closing data of Bloomberg's global commodity index remained essentially unchanged, with only limited variations between the minimum and maximum values (approximately 15%).
Sectors such as energy and agriculture declined slightly (by 3.5% and 8%, respectively), compared to January 2024. Industrial metals instead closed 2024 confirming their opening values, despite significant fluctuations throughout the year.
Gold markedly bucked the trend in 2024, reaching its all-time high at the end of October and an annual performance of 27% globally, as did Bitcoin, whose yields reached approximately +107%.
The agricultural sector's overall performance was the result, on the one hand, of the significant decline in the cereal sector and, on the other hand, of the sharp rise in colonial commodities. Cocoa was the top performer, with an annual increase of 173%.
Coffee achieved its new all-time high for Robusta coffee, with a record Arabica price last seen in 1977.
After a strong upward trend in 2023, Robusta opened the year at 3,010 $/tonne. It then reached its all-time high for the first position of 5,722 $/tonne on 18 September, weighted down by Vietnam's disappointing harvest, logistical criticalities related to transit through the Suez Canal that was subject to attacks by the Houthis, and uncertainties surrounding the entry into force of the EUDR (European Deforestation-free Products Regulation). Despite brief phases at around 4,500 $/tonne and the deferral of the EUDR implementation to December 2025, it closed the year at 5,019 $/tonne (+66%).
Until the beginning of November, Arabica coffee followed the Robusta trend, albeit with less marked fluctuations. Afterwards, the first position exceeded 335.65 $cts/lb — a high last seen in April 1977 — as a result of concerns for the effect on the next harvest of the drought suffered in Brazil during the summer, the EUDR, logistical bottlenecks in Brazilian ports and the US roasters moving up purchases to avoid possible Trump tariffs. At 31 December, the price rebounded to 319.75 $cts/lb, up +68% since year-start.
Starting at 40 $cts/lb in January, the arbitrage reached a low of 20 $cts/lb at the end of August, a level not observed since 2008, to then rise again to over 90 $cts/lb at the end of December, driven by the rise in Arabica coffee.
Hedge funds were bullish throughout 2024 on both varieties, with relatively modest fluctuations for Arabica coffee in the second half of the year and a halving of long positions on Robusta in the same period, which however led just to a partial retracement of prices.
Certified stocks caused some concern due to the low levels reached, particularly for Robusta coffee, which fell below 2,000 batches in February and remained at historically low levels also in December (around 4,300 batches). Arabica coffee began the year with merely 250,000 bags, but over the year, certified stocks rose gradually to near one million in December.
Within this context, volatility surged exceeding 50% on short-term maturities for both varieties, and both curves maintained a more or less pronounced backwardation throughout 2024.
The coffee price risk was effectively managed through physical price locks.

CREDIT RISK

In 2024, overall receivables rose, chiefly attributable to turnover increase.
Thanks to a consolidated credit management and ongoing awareness-raising of the company functions involved, the average collection time remained almost unchanged, standing at around 40 days. Further improvements were reported in Northern European subsidiaries, as well as a net increase in the American market.
Credit portfolio confirmed its high quality, with a decline of past-due debts by more than 90 days, adequately covered by the write-down provision, which remained substantially in line with the previous year.
With regard to credit risk management, the risk hedging scope was extended to Lavazza Professional subsidiaries in Germany and the United Kingdom. Moreover, a further reduction of credit minimum thresholds will enable a broader protection primarily in the Away From Home market.
With regard to Luigi Lavazza, the hedging for the foreign market was further increased, reaching 96% through the use of consolidated risk mitigation tools.
All these actions made it possible to consolidate the Group's financial solidity, ensuring a balanced ratio between turnover increase and credit quality.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMPLIANCE RISKS (ESG RISKS)

The ESG risks identified in 2024 can be divided into six macro-categories, namely:

- supply chain;
- development, wellbeing and people retention;
- health and safety;
- climate change;
- land use, deforestation and biodiversity;
- emerging legislation.

All specific risks were analysed in terms of impact, and most of them resulted to occur upstream in the industry. Lavazza is focused on protecting its value chain in the long term and has established mitigation policies transversal to the various risk macro-categories.

For further details, reference should be made to the 2024 Sustainability Report.

HEALTH, WORKPLACE SAFETY, ENERGY AND ENVIRONMENT MANAGEMENT SYSTEM

In 2024, the ISO 14001 certification was confirmed and there was the renewal of the ISO 45001 certification of the Group Integrated Management System for Health, Safety, Energy and the Environment (Italian acronym: SSEA), implemented in compliance with the commitments undertaken in the Corporate Policy for Occupational Health&Safety, Energy and Environment (OHSEE).

The SSEA Management System, coordinated by the HSE Department on the basis of the corporate guidelines and managed through a dedicate company portal, is constantly developed and expanded in the different geographies. In the reporting year, third-party audits were conducted for the first time in the Italian commercial sites of Padua and Turin, as well as at the company Lavazza Professional Operating Services (LPOS) in the United Kingdom.

Luigi Lavazza S.p.A.'s Organisational Units included in the Group's SSEA Management System are specified in the respective ISO 14001 and ISO 45001 certifications, which are available to the public through the website LAVAZZAGROUP.com, together with the Corporate OHSEE Policy and the local OHSEE Policies.

The ISO 14001 and ISO 45001 Group certifications currently include: Luigi Lavazza S.p.A. (Nuvola Headquarters; Innovation Center; Italian commercial sites; Turin, Gattinara, Pozzilli and 1895 plants; Milan Flagship Store); Lavazza Professional (UK) Ltd; Lavazza Professional (UK) Operating Services Ltd; Lavazza North America LLC; Carte Noire Operations S.a.s. and Cofincaf S.p.A.

Luigi Lavazza S.p.A. operated in accordance with environmental rules and permits (AIA – Integrated Environmental Authorisation for the Turin and Gattinara plants, the latter integrated in 2024, and AUA – Single Environmental Authorisation for the Pozzilli plant), instrumental to the use of production facilities. No fines were ordered or levied by supervisory authorities.

With regard to workplace safety, positive indicators were reported during the year, both in terms of event frequency and severity, in line with the previous years, both at the Group and Italian level. With reference to Luigi Lavazza S.p.A., the Pozzilli and Settimo Torinese 1895 plants have not reported work-related injuries since September 2020 and September 2021, respectively; 4 non-high-consequence work-related injuries were reported at the other production facilities, 3 at commercial sites.

The results of the relevant processes arising from the implementation of the SSEA Management System (internal audits, monitoring and oversight activities, information and training, improvement projects, important communications, outcome of the assessments of environmental risks and aspects, etc.) were shared with Top Managers during the meetings to "review the SSEA Management System", coordinated by the HSE Department that also ensures the information flows towards the Supervisory Body pursuant to Legislative Decree 231/2001.

RESEARCH AND DEVELOPMENT

Research and development activity in 2024 achieved important results thanks to significant investments and organisational improvement based on a closer relationship between the R&D functions engaged on the product and the different geographical areas in which they operate. Particular attention was paid to upskilling in the packaging and sustainable materials areas.
In order to accelerate the development of increasingly sustainable coffee, 2024 saw a significant momentum with respect to the initiatives launched in 2023 and relating to regenerative agriculture, with an expansion of the range of action to countries like Brazil, Uganda and China. This allowed to apply in the field the knowledge acquired thanks to the collaboration with the Turin Polytechnic on biochar and to the characterisation of new coffee varieties.
In addition to sustainability, 2024 was marked by the introduction of a new range of ready-to-drink beverages for the European market, enriched by a high-protein product, thus exploring the wellness sector. In line with this concept, innovation went beyond current technological constraints, allowing for a technical pre-feasibility study of the addition of functional ingredients, such as vitamins and mineral salts, to roasted coffee beans.
Geographic expansion gave further opportunities for development and innovation. In China, coffees specifically conceived for local consumers were developed and launched, including barrel aged and fermented coffee, as well as new product categories such as coffee concentrates and flavoured coffee.
Flavouring is becoming increasingly important for younger generations; for this reason, Lavazza expanded its range of Nespresso-compatible capsules with two new flavours: chocolate and caramel.
In Cuba, development and innovation guidelines were drafted in 2024, with a focus on enhancing existing varieties, fortifying Robusta coffee, and the setting up of a new laboratory for yeast- and/or fruit-based fermentation.
2024 was an important year also with regard to packaging.
2023 had marked the shift of all formats to a sustainable configuration at least for one production line. 2024 saw an expansion of the volumes for which sustainable materials are used thanks to the increase of the number of production lines able to process sustainable materials. The actions and investments made are in line with the objective of making sustainable all flexible packaging by the end of 2025.
In line with the initiatives undertaken in the previous years, the Group continued to consider possible solutions to further increase sustainability of flexible packaging in the coming years. In particular, paper solutions are also being considered.
With regard to coffee machine design and development, 2024 saw the continuation of the plan aimed, on the one hand, at adopting increasingly environmentally sustainable solutions and, on the other hand, at making each channel's product portfolio more competitive. In this regard, the A Modo Mio single-serve system saw the launch of the evolution of the Jolie range, characterised by the use of plastics from recycled sources, an improved energy class (A+) compared to its predecessor, and a packaging that is fully recyclable and plastic-free.
In the OCS channel, the range of LF1050 (Firma system) and LB1050 (BLUE system) coffee machines was renewed. This range is designed for medium-consumption environments and uses plastics from recycled sources, and its parts are painted instead of chromed (less impactful from an environmental point of view), and its packaging is fully recyclable.

INCREASE IN VOLUMES WITH sustainable materials

With regard to the In Black system, used by NIMS on the Italian market, the Elogy Barista coffee machine project was completed. This is an evolution of the current Elogy Milk product. In addition to a new design and sustainability contents in line with the aforementioned OCS range, this new product integrates innovative features for preparing hot chocolate and cappuccino like a professional, while maintaining a particularly competitive cost.
For the Flavia system, the version for Japan of the middle-end C300 machine, which had already been presented the previous year in the US version, was completed and launched.
To expand Lavazza's commercial product range and make it more competitive, new products were developed for the Vending and Food Service channels. These include the Advanta Smart (Klix system), a simplified and more convenient model of the new Advanta vending machine range, and the Classe Lavazza, a mid-range Food Service coffee machine with a particularly competitive cost, produced by the manufacturer according to Lavazza's specific requirements.

With regard to both proprietary and compatible single-serve systems, research, verification and validation activities continued for new highly sustainable materials aimed at satisfying future European regulatory requirements in terms of environmental circularity.

In the Scientific and Regulatory Affairs area, the interpretations of the Packaging and Packaging Waste Regulation (PPWR) were fine tuned in 2024, allowing the organisation to prepare economic scenarios on technical proposals for each identified scenario.
Furthermore, to increase the prevention capacity in the regulatory area, a quarterly technical update was released analysing the regulations underway and those implemented, covering the geographies relevant to Lavazza.
To support product innovation, the team provided for the integration of a specific nutrition expertise with the aim of identifying the necessary information for balanced product receipts and for supporting nutritional claims.
In addition, the Scientific and Research area's main activities are also aimed at mitigating emerging risks within the European Coffee Association, managing to prevent legislative measures on contaminants. The medium/long-term projects relating to Coffee and Health, Coffee Cultivation without using Agrochemicals and Coffee Varietal Improvement for Higher Productivity, Quality and Climate Resilience continued. The aim is to generate an in-depth knowledge on all the coffee processing phases, in order to create value for the sector, thus fostering future initiatives for innovating the Lavazza. portfolio.

In the Technical Service area, in line with the previous year, customer satisfaction was a priority in 2024. In particular, the telemetry integrated in our Food Service machines continued to represent an important technological lever to this end: the analysis of the flow of data generated enabled us to fine-tune a ratio, which monitors the adequacy of use and accordingly to plan targeted interventions so as to ensure a constant, high quality of the product distributed.
Moreover, targeted actions were undertaken in 2024 to increase efficiency of the machine reconditioning process and to optimise the use of the invested capital.

PERSONNEL RELATIONS

The Lavazza Group is a global company, which — with the lastly acquired French MaxiCoffee in March 2023 — has over 5,500 total employees, almost 70% of whom are based at foreign subsidiaries. The Group considers people to be its main resource and sets as one its main priorities for today and the coming years their integration and development through common HR processes and policies.

over 5,500
EMPLOYEES WORLDWIDE

TRAINING AND DEVELOPMENT

Lavazza supports people in their professional and personal development, providing learning opportunities to grow within the organisation. It welcomes people through induction programmes on products and processes and accompanies them in their professional path with corporate citizenship training initiatives, self-development opportunities consistent with individual growth plans and professional family initiatives on teamwork effectiveness and specific skills, in line with business priorities. The Group offers structured training catalogues, both online and in the classroom, for building basic skills, enhancing internal competencies through the transfer of specialist expertise and with the support of external partnerships to constantly acquire new skills that are strategic for the market. The goal is to offer a work and learning environment in which cross-functional and intercultural teams can work effectively and grow continuously.

In 2024, the Performance Management process was further consolidated with a focus on aspects such as development and motivation. The training catalogue was strengthened by promoting initiatives aimed at spreading managerial behaviour, in line with the Group's Values. In particular, Corporate Citizenship programmes (the Campaign on the Group's new Code of Ethics, Sustainability, Diversity&Inclusion) were strengthened, developing contents with the support of internal experts and multichannel paths, so as to reach all the Group's employees. The adoption of digital platforms, available on demand and in multiple languages, with specially developed content, along with access to environments such as LinkedIn Learning, increased across all geographical areas and was particularly appreciated as a continuous professional development tool also thanks to the opportunity for employees to build customised paths. Lastly, certification paths for digital skills were promoted, connected with the new CRM system, which will be disseminated at global level.

The total number of training hours amounted to approximately 34,600 in Italy and over 37,500 abroad, with extensive coverage at Group level.
The Talent Review global process was further strengthened in 2024, increasing the coverage of the assessment and development initiatives aimed at defining individual plans, while supporting people and/or their respective People Managers through feedback sessions with assessors and coaches, thus strengthening a managerial culture and behaviour that promote feedback and professional growth. The offer of coaching paths was extended, including through the use of virtual platforms in order to provide people with further leadership development tools.
Moreover, to support professional development, short international mobility programmes were promoted for high-potential individuals with a few years of work experience. These programmes allow to deepen the understanding of the Group's dynamics and business and to gain work experience in a different cultural context. All international mobility programmes are supervised by a tutor and complemented by supporting training activities.

MANAGERIAL AND TRADE UNION ACTIVITIES

Another priority of the Group is the commitment to involving human resources in the achievement of the company's objectives and the development of engagement tools that can increase the sense of belonging and foster the organisation's successful growth. At the end of 2022, the headquarters supplementary contract for the 2023-2025 three-year period had been renewed with an important negotiating opportunity that, confirming the good relations between the Company and the trade unions, had guaranteed HQ personnel an increasingly modern and flexible second-level contract. The changes concerned about 1,000 employees and covered aspects related to the Group's development plans, the evolution of work organisation, the enhancement of people and corporate welfare. In the first year of application, the Lavazza Group extended remote working — which has now become part of a global policy —, giving the option of agile working up to ten working days per month and promoting the use of company spaces as a key to enhancing collaboration between colleagues. In addition to the significant actions and activities already undertaken, innovations include the introduction of the "short Friday" for 15 Fridays in the period between May and September, 16 hours per year of specific paid leave for "caregiving" and accompanying family members to medical visits, as well as four hours per year for veterinary visits. Furthermore, five days of parental leave have been added for fathers, paid by the Company, which will be responsible for remuneration and full contributions for these days. In particular, the first year of short Fridays, effectively launched and run from May to September 2023, met with a high degree of approval among people and proved fully suited for and compatible with the business' working methods and objectives.
The personnel incentive system was also renewed based on financial and organisational indicators, so as to involve people in the medium- and long-term corporate strategy. In recent years, the MBO bonus has rewarded the performance of HQ personnel, reaching in 2022 its record in terms of amounts disbursed, which are always convertible at the employee's discretion into welfare package services.
In addition, in summer 2024, the Supplementary Contracts for the Turin and Gattinara plants were renewed. This involved a long phase of participatory negotiation that, thanks to fruitful cooperation with the trade unions, resulted in the entry into force of modern second-level collective bargaining agreements suited to the needs of both the Company and the workforce. A central element of the renewals was the MBO bonus, which was redefined with a consistent and sustainable structure that rewards the target results introduced by the workers, linking them to the Company's objectives, not only from a production point of view, but also from an economic one. Corporate volunteering was introduced with a specific one-day leave to be used for volunteer work in selected associations and organisations. In addition, the organisational flexibility structure was also expanded to meet the constantly changing production requirements of the market.

REWARDS AND COMPENSATION

In recent years, the Lavazza Group has developed the Lavazza Group Reward Framework, which introduces an integrated remuneration policy management approach that ensures, first and foremost, fairness within the Company, while also aligning with the labour market in order to attract talent and maintain and consolidate the engagement of the entire organisation to support the business strategy in line with business performance.

The Lavazza Group Reward Framework is part of the Lavazza Group's commitment to ensuring that all people are treated fairly and without discrimination on the basis of gender, ethnicity, race, age, sexual/affectional orientation, ability (visible or invisible), nationality or any other identity and/or personal characteristic.
The Lavazza Group Reward Framework's objectives may be summarised as follows:

- providing a shared methodology and approach for an increasingly international Group;
- ensuring internal equity and the organisation's competitiveness with respect to the labour market and the best management and development practices;
- ensuring ongoing alignment between team and individual business performances and the Group's strategic and operating priorities.

On the SuccessFactors platform an informational course is available to all employees in Italy, aimed at illustrating the Lavazza Group Reward Framework, exploring the various elements and processes that guide remuneration policies within the Lavazza Group. This course was gradually extended to other geographical areas of the Group.

On the SuccessFactors platform, employees in Italy may also view their Total Reward Statement (TRS) providing a clear, immediate indication of the value of their remuneration package, including not only fixed and variable monetary components, but also the welfare benefits and services offered by the Company. The result is an overall indicative value of the package accrued on an annual basis and the related cost borne by the Company.

INTERNAL COMMUNICATION

TOOLKITS THAT CAN BE ADAPTED IN SEVERAL LANGUAGES

In a Group that is constantly expanding and employs a large number of people living abroad, it is important to integrate different entities with a strong, well-established identities in their respective markets, providing them with the right degree of autonomy, while also ensuring the necessary coordination and sense of belonging to the Group.
We have thus adopted an approach based on customisable toolkits, translated in at least four languages, enabling each point of contact to choose the tools that are the most suitable to local needs, as well as to easily adapt them.

WEBLEND GLOBAL INTRANET

Thanks to its WeBlend Intranet, which is now deployed in all geographies, Lavazza conveys content of global interest under the HQ coordination, in addition to local content managed by the related competent people in the various countries.

CONTENT

In terms of content, Lavazza has focused on selecting high added-value content, choosing projects offering people a USP and providing a preview or insight into external communications, exclusive benefits or advantages for people, favouring the WeBlend Intranet channel.

RECOGNITION

We analysed and identified our key messages and projects, avoiding the proliferation of logos for each individual project and promoting a clear communication management governance by creating a recognisable identity for each of them, reducing inconsistency and confusion for the end user.

PROMOTION OF AN INCLUSIVE LANGUAGE

We believe that language is crucial to promote an inclusive working environment. Together with the Diversity & Inclusion team, and following a series of in-depth workshops involving various corporate divisions, including those responsible for internal and external communications, a manual was drafted outlining the guidelines we want to apply to language, particularly written language, within the Company. This cultural dissemination tool is not intended to be a policy, but a series of guidelines providing alternative and more inclusive ways of speaking and writing, with the expectation that it will be updated and expanded in line with the Company.

EVENTS AND THE TOWNHALL WEBLEND CAFÉ GLOBAL

Events are moments of conviviality and celebration, such as the traditional San Luigi awards, which each year reward long-serving employees who have worked in the Group for 25 or 35 years.
The Townhall WeBlend Cafè Global continued to be an appreciated, important opportunity to share the Group's projects and important news, with three annual events, one of which is in person.

Time To Care
WELLBEING PATHS AND INITIATIVES

A new initiative
TO RAISE AWARENESS OF THE IMPORTANCE OF MENTAL HEALTH

WELFARE

In 2024, we enriched the "Time To Care" programme with wellness courses and initiatives, in line with some of the themed activities launched in 2023. These courses consisted of four meetings and were integrated with new initiatives, as requested by the people involved the survey that had assessed both the programme's satisfaction and their new needs.
As the survey launched at the end of 2023 had revealed a particular focus on emotional and physical wellbeing, the 2024 programme took this into account.
As regards physical wellbeing, a course on prevention and lifestyle was launched, with sessions focusing on nutrition, exercise and sleep.
These topics were also further discussed by sending out themed newsletters.
With regard to emotional wellbeing, which is useful for promoting awareness and the ability to manage emotions, thematic mindfulness webinars were developed at peoples' request to address the following topics:

- managing challenges with awareness
- interpersonal relations
- sleep and awareness

On 10 October, on the occasion of World Mental Health Day, a new initiative was launched to involve the population and promote a culture of mental wellbeing and mental health. The day was dedicated to raising awareness of the importance of mental health.
Experts in the field were invited to give a speech and deliver hands-on workshops on various topics related to mental, physical and emotional wellbeing, providing tools and practical advice on how to take care of oneself.

To respond to the needs emerged in the survey, expressed also by younger generations, a financial literacy course with four webinars was offered to raise awareness of the relationship with money and its impact on people's wellbeing.

As part of the Time To Care programme, focused on people's wellbeing and safety, a course was launched on managing emotions and defending oneself in dangerous situations. In line with the Company's commitment to gender equality, this course improved the safety of all people, especially the most vulnerable.

DIVERSITY & INCLUSION AND GAP FREE

In 2024, the Group continued to be committed to promoting diversity, equity and inclusion through the GAP FREE programme, a path of cultural transformation for the enhancement of diversity and the promotion of equal opportunities for all. The ultimate goal is to eliminate all types of discrimination and create an inclusive organisation, where everyone can express their authenticity. To this end, it was decided to adopt Goal 5 — Gender Equality as one of the priority Sustainable Development Goals, following a programmatic declaration that guides present and future actions.

In 2024, the Lavazza Group continued the process began in 2020, extending the implementation of the governance model also to foreign legal entities through the creation of ERGs (employee resource groups) at the local level (groups of Lavazza people who meet on a voluntary basis to collect petitions, propose initiatives and promote a GAP FREE culture on specific D&I matters) and the establishment of the first Local D&I Council in the United Kingdom. Specifically, at the end of 2024 ERGs were recorded in Italy, the United Kingdom, Australia, the United States, Germany, Denmark and France.

Throughout the year, the central role played by educational awareness programmes was again confirmed, with a view to increasing D&I awareness and generating a profound cultural change. Among the ongoing D&I training, awareness-raising and engagement activities for the Lavazza People, the Lavazza GAP FREE Day continued in 2024 within all the Group's subsidiaries. This one-day event was dedicated fully to exploring the D&I-related messages and encouraging the Group resources to reflect on what it means to Lavazza to be a Gap-Free company and what can be done as allies and communities to achieve the Group's Diversity, Equity and Inclusion goals. The GAP FREE Day was organised in Italy, the United Kingdom, France, Germany, the United States, Denmark and Australia, adapting the diversity and inclusion issues in each case to ensure that they were relevant and appropriate to the local sensibilities and culture, while always staying true to the Group's global strategy.
To pursue the Group's commitments to implementing specific women leadership empowerment programmes and reaching 40% women in executive positions by 2030, the Group focused on strengthening women's networks and alliances, while also encouraging female employees in top management positions to become role models for other women at the Company. To this end, in 2024, 25 female employees (both Italian women and foreign women) were involved in a programme to develop and enhance the authentic female leadership — the Ashland Institute Calling Your Own (CIYO) Programme (already being implemented at Lavazza since 2022).
To give visibility to the Group's talented women, who often have fewer chances at the Company to be exposed to top managers and to company decision-makers, 2024 saw the continuation of the Sponsorship for Gender Balance — a programme launched in 2023 and which involved 21 female Italian and international employees in the role of sponsorees and the first reports to the CEO as sponsors. In support of this relationship, 18 advocates were also identified. These are male and female collaborators in important roles within the organisation who can support the programme's roll-out in their respective purview. The programme, which lasts for 18 months, will end in March 2025.
Another milestone in 2024 was the official launch, at Group level, of our Group D&I Policy — a document that formalises our commitment towards D&I, applying it within our HR processes and to our operating methods. This Policy was widely circulated at the Headquarters and all our subsidiaries, both through a coordinated communication campaign and the creation of an online course in four languages in order to make its content available and accessible (the online course reached almost 70% of accesses globally at the end of 2024).
Lastly, 2024 marked the achievement of one of the Group's D&I goals: the renewal of the first level of EDGE Certification (Edge Assess) in Italy and at the main foreign subsidiaries (Lavazza Pro UK, Lavazza France, Carte Noire, Lavazza Germany, Lavazza North America) — fundamental above all to support an objective, comparable internal analysis of gender equality, but also to adopt a recognised, accurate internal gender pay gap measurement tool that can be replicated at subsidiaries, subsequently crucial for identifying specific areas of intervention that represented, in each geography, a starting point to develop a short-to-medium-term action plan as the foundation for many of the actions taken in 2025-2026.

The increase in labour costs compared to the previous year is mostly attributable to the renewal of national collective labour agreements, in particular for Italy, which led to a significant rise of remuneration. The Company also supplemented these increases through the annual salary review process, mostly offsetting the erosive effect of high inflation recorded over the past few years. Moreover, personnel recruitment policies continued to be implemented, with a more targeted approach, with a view to supporting priority projects for the business and strengthening functions' skills, also in the face of heightened complexity due to the Group's global dimension, M&A projects and the need to speed up digital transition, together with a greater centralisation of strategic processes and activities.

THE PARENT COMPANY LUIGI LAVAZZA S.P.A.

The figures in this section comply with Italian GAAP (OIC).

OPERATING AND FINANCIAL PERFORMANCE OF LUIGI LAVAZZA S.P.A.

2024 was a particularly complex year for global economy. Market volatility remained high and, although inflation showed signs of a slowdown compared to the previous years' peaks, continued to impact processing, transport and distribution costs. Coffee industry is experiencing a difficult period, marked by an increase in the cost of raw materials, the impact of climate change, the decline of Robusta production and geopolitical crises, in addition to the entry into force of major European regulations including the Packaging and Packaging Waste Regulation (PPWR) and the European Union Deforestation Regulation (EUDR). In spite of these challenges, Lavazza showed resilience and flexibility, improving gross margins and maintaining significant revenues and EBITDA.

In 2024, coffee prices continued to rise, and the increase in the cost of raw materials impacted consumer prices, reducing consumers' purchasing power and leading to a coffee market reduction.
The Lavazza's strategy focused on protecting profitability, thus ensuring the investment capacity and protection of its employees.

Net financial position was negative at the end of 2024 as a result of M&As, in particular the acquisition of a 49% interest in the IVSG Group through a tender offer promoted by the subsidiary ECS S.r.l.

The following table shows Luigi Lavazza S.p.A.'s operating and financial highlights at 31 December 2024 compared with the previous year:

€ million

	YEAR 2024	RATIO %	YEAR 2023	RATIO %
Net revenues	2,040.2	100.0%	2,036.8	100.0%
EBITDA	139.0	6.8%	107.9	5.3%
EBIT	28.7	1.4%	0.9	0.0%
Profit before taxes	61.1	3.0%	25.4	1.2%
Profit for the year	**51.2**	**2.5%**	**39.6**	**1.9%**
Net working capital	660.6		604.0	
Net fixed assets	2,718.0		2,559.2	
Total uses	**3,378.6**		**3,163.2**	
Net financial position	953.9		762.1	
Equity	2,424.7		2,401.1	
Total sources	**3,378.6**		**3,163.2**	
Capex	46.1		50.1	
Headcount	1,843		1,854	
ROS	**1.41%**		**0.05%**	
ROI	**2.60%**		**0.67%**	
ROE	**2.11%**		**1.65%**	

RECLASSIFIED STATEMENT OF PROFIT OR LOSS OF LUIGI LAVAZZA S.P.A.

€ million

	YEAR 2024	RATIO %	YEAR 2023	RATIO %	CHANGES	CHANGES %
Net revenues	2,040.2	100.0%	2,036.8	100.0%	3.4	0.2%
Other income and revenues	113.9	5.6%	139.3	6.8%	(25.4)	(18.2%)
Total income and revenues	**2,154.1**	**105.6%**	**2,176.1**	**106.8%**	**(22.0)**	**(1.0%)**
Cost of sales	1,320.2	64.7%	1,231.4	60.5%	88.8	7.2%
Costs of services	432.2	21.2%	613.2	30.1%	(181.0)	(29.5%)
Other costs	48.6	2.4%	39.8	2.0%	8.8	22.1%
Total external costs	**1,801.0**	**88.3%**	**1,884.4**	**92.5%**	**(83.4)**	**(4.4%)**
Value added	**353.1**	**17.3%**	**291.7**	**14.3%**	**61.4**	**21.0%**
Personnel costs	214.1	10.5%	183.8	9.0%	30.3	16.5%
EBITDA	**139.0**	**6.8%**	**107.9**	**5.3%**	**31.1**	**28.8%**
Amortisation, depreciation and write-downs	103.0	5.0%	103.4	5.1%	(0.4)	(0.4%)
Provisions	7.3	0.4%	3.6	0.2%	3.7	102.8%
EBIT	**28.7**	**1.4%**	**0.9**	**0.0%**	**27.8**	**3,088.9%**
Income (expense) from investments	52.2	2.6%	45.2	2.2%	7.0	15.5%
Financial income (expense)	(19.8)	(1.0%)	(20.7)	(1.0%)	0.9	(4.3%)
Profit before taxes	**61.1**	**3.0%**	**25.4**	**1.2%**	**35.7**	**140.6%**
Income taxes	(9.9)	(0.5%)	14.2	0.7%	(24.1)	(169.7%)
Profit for the year	**51.2**	**2.5%**	**39.6**	**1.9%**	**11.6**	**29.3%**

Total income and revenues, amounting to €2,154.1, were in line with the previous year thanks to the price increases implemented during the year. Said increases — aimed at responding to the increase in the cost of raw materials — supported margins. Moreover, other income and revenues were impacted by lower energy contributions received.

EBIT grew compared to the previous year, chiefly due to a decrease in costs of services, mainly attributable to the reclassification to revenue, in compliance with the application rules of the new accounting standard OIC 34, effective from 1 January 2024, and as specifically illustrated in the relevant section of the Notes.

Profit before taxes amounted to €61.1 million, up €35.7 million compared to €25.4 million for the previous year.

Profit for the year amounted to €51.2 million, up €11.6 million compared to 2023, as a result of the above-mentioned events, partly offset by the increase in income taxes.

RECLASSIFIED BALANCE SHEET OF LUIGI LAVAZZA S.P.A.

€ million

		2024	2023	CHANGES
	Inventories	398.0	348.0	50.0
	Trade receivables	130.4	123.4	7.0
	Receivables from subsidiaries, associates and Parent	461.9	355.5	106.4
	Deferred tax assets	62.3	69.3	(7.0)
	Other prepayments and accrued income	35.8	29.6	6.2
	Property, plant and equipment held for sale	0.3	-	0.3
A.	**Total operating assets**	**1,088.7**	**925.8**	**162.9**
	Trade payables	207.5	149.1	58.4
	Payables to subsidiaries, associates and Parent	82.4	52.7	29.7
	Tax payables and payables to social security institutions	10.5	11.6	(1.1)
	Other liabilities and deferred income	127.7	108.4	19.3
B.	**Total operating liabilities**	**428.1**	**321.8**	**106.3**
C.	**Net working capital**	**660.6**	**604.0**	**56.6**
	Intangible assets	480.1	518.5	(38.4)
	Property, plant and equipment	326.8	343.2	(16.4)
	Financial assets	2,031.9	1,810.7	221.2
D.	**Total fixed assets**	**2,838.8**	**2,672.4**	**166.4**
	Provisions	109.9	101.4	8.5
	Employee termination indemnities	10.9	11.8	(0.9)
E.	**Total fixed liabilities**	**120.8**	**113.2**	**7.6**
F.	**Total net fixed assets**	**2,718.0**	**2,559.2**	**158.8**
G.	**Total invested capital, net - Uses (C + F)**	**3,378.6**	**3,163.2**	**215.4**
	Cash and cash equivalents	(39.1)	(54.7)	15.6
	Financial assets other than fixed assets	197.5	114.1	83.4
	Financial liabilities	795.5	702.7	92.8
H.	**Net financial position**	**953.9**	**762.1**	**191.8**
	Capital	25.1	25.1	-
	Reserves	699.5	699.9	(0.4)
	Retained earnings	1,648.9	1,636.5	12.4
	Profit for the year	51.2	39.6	11.6
I.	**Equity**	**2,424.7**	**2,401.1**	**23.6**
L.	**Total sources (I + H)**	**3,378.6**	**3,163.2**	**215.4**

Net working capital amounted to €660.6 million, up €56.6 million compared to €604.0 million at 31 December 2023. The change was mainly attributable to the following components:

- the €50.0 million increase in inventories, driven mainly by the green coffee component, impacted by price increase in spite of lower stocked volumes both with regard to green coffee and the R&G and capsules finished product due to a decrease in stocks;
- the €7.0 million increase in trade receivables, and the €106.4 million rise in receivables from subsidiaries and associates;
- the €7.0 million decrease in tax receivables;
- the €6.2 million increase in other prepayments, chiefly due to advances to suppliers;
- the €58.4 million increase in trade payables mainly attributable to a different approach in the monthly analysis of costs for the provision of goods and services in the year;
- the €29.7 million increase of payables to subsidiaries and associates relating to centralised treasury accounts;
- the €18.2 million increase of other liabilities primarily relating to trade payables.

Total fixed assets amounted to €2,838.8 million compared to €2,672.4 million at 31 December 2023.

The €38.4 million decrease in **intangible assets** related mainly to investments in software for long-term use totalling €18.3 million, offset by amortisation and write-downs for the year amounting to €56.7 million.

The net decrease in **property, plant and equipment** amounting to €16.4 million, mainly involving plant, machinery and equipment, was chiefly attributable to the increase in total capital expenditure, net of €27.3 million disposals, offset by depreciation and write-downs for the year totalling €43.7 million.

The €221.2 million increase in **financial assets** was due to the combined effect of the following transactions:

- the capital increase of the investee E-Coffee Solutions S.r.l., for approximately €318.0 million, chiefly associated with the acquisition of a 49% stake in the company IVS Group S.A., parent company of the IVS Group, net of the €6.0 million write-down of the year for the extraordinary losses reported by the French subsidiary Lavazza Professional S.a.s. during the Covid period (mainly in 2021 and 2022);
- the €99.8 million decrease relating to the distribution by Lavazza Capital S.r.l. to the sole shareholder Lavazza S.p.A., authorised by the Shareholders' Meeting held on 30 September 2024, as a partial reimbursement of the capital contribution totalling €600 million previously made by the sole shareholder;
- the €14.0 million increase of financial receivables to Group companies;
- the €11.0 million decrease in the market value of derivative instruments.

Provisions increased mainly as a result of allocations to provisions for employees, litigation expenses, future expenses associated with several issues and deferred taxes, offset by utilisations to hedge the related expenses.

Net financial position was negative at €953.9 million, worsening by €191.8 million compared to 2023.
For further details, reference should be made to the Reclassified Statement of Cash Flows of Luigi Lavazza S.p.A.

RECLASSIFIED STATEMENT OF CASH FLOWS OF LUIGI LAVAZZA S.P.A.

€ million

	YEAR 2024	YEAR 2023
Profit for the year	51.2	39.6
Amortisation and depreciation	100.4	103.0
Net change in employee termination indemnities	(0.9)	(0.4)
Net change in provisions	8.3	(54.1)
Write-downs of equity investments and securities included in fixed assets	6.0	-
Other write-downs of fixed assets	0.6	-
Changes in items of net working capital:		
- inventories	(50.3)	120.2
- trade receivables	(7.0)	(30.6)
- receivables from others and other assets	(105.6)	38.0
- trade payables	58.4	(186.1)
- other payables and liabilities	47.9	10.7
Cash flows from (used for) operating activities	**109.0**	**40.3**
Net purchases of:		
- intangible assets	(18.3)	(20.0)
- property, plant and equipment	(27.8)	(30.1)
- investments in subsidiaries, associates and other companies	(224.2)	(190.1)
- other non-current financial assets	(3.0)	(142.1)
Disposals of:		
- equity investments	-	-
Cash flows from (used for) investing activities	**(273.3)**	**(382.3)**
Dividends paid	(27.1)	(38.9)
Change in hedge reserve for expected cash flows	(0.4)	5.5
Cash flows from (used for) financing activities	**(27.5)**	**(33.4)**
Cash flow for the year	**(191.8)**	**(375.4)**
Net financial assets / liabilities at year-start	**(762.1)**	**(386.7)**
Net financial assets / liabilities at year-end	**(953.9)**	**(762.1)**

Net cash flows from operating activities were positive at €109.0 million, calculated as the offset balance between the positive earning component of €165.6 million — that includes both profit for the year amounting to €51.2 million and amortisation and depreciation for €100.4 million — and the negative change in net working capital for €56.6 million, chiefly impacted by the €106.4 million increase in receivables from Group companies, the €6.2 million increase in other receivables and the €50.3 million increase in inventories, partially offset by the increase in trade payables and other liabilities for €106.3 million.

Cash flows from investing activities had an overall negative net balance of €273.3 million, composed of:

- net purchases of intangible assets (€18.3 million), mainly attributable to the capitalisation of costs for projects relating to software for long-term use and research and development costs for new coffee machine models;
- net purchases of property, plant and equipment (€27.8 million), chiefly relating to upgrades and investments in lines aimed at adopting an increasingly environmentally sustainable approach to consumption, in addition to the revamping of existing lines, new roasters, as well as the installation of machines for the Firma system in the OCS sector and espresso machines at the cafés in the Food Service sector;
- monetary investments in subsidiaries, chiefly attributable to the capital contribution made in the year in favour of the subsidiary E-Coffee Solutions S.r.l. for €138.0 million and for €186.0 million in relation with the waiver of the receivable from the same Company, due to the completion of the acquisition of a minority stake (49%) in the company IVS Group S.A., parent company of the IVS Group, was completed, offset by the distribution of Lavazza Capital S.r.l.'s capital reserves for €99.8 million as a partial reimbursement of the capital contribution totalling €600,000,000 previously made by the sole shareholder;
- increase in other financial assets for €3.0 million, mainly attributable to the new financing granted to the subsidiary ECS S.r.l. for the acquisition of Avantages Café S.a.s. and the acquisition of Lavazza Pro UK of a new production line at the Basingstoke (UK) plant and the decrease of derivative financial assets.

TREASURY SHARES / SHARES OF HOLDING COMPANIES

The Parent Company, Luigi Lavazza S.p.A., owns 2,499,998 treasury shares of a nominal value of €1 each, fully paid up.
The Parent Company does not own and, during the financial year it did not buy and/or sell, any share of the Holding Company, either directly or through a trust company or other persons.
The Parent Company did not establish secondary offices in 2024.
Luigi Lavazza S.p.A. and the Italian Group companies together with their parent/consolidating company, Finlav S.p.A., participated in the Italian tax consolidation programme.
With regard to compliance with privacy legislation, Luigi Lavazza S.p.A. conducted assessments with a view to compliance with the provisions of Regulation (EU) No. 2016/679 on the protection of natural persons with regard to the processing of personal data.

INFORMATION ON MANAGEMENT AND COORDINATION ACTIVITIES

The Parent Company is responsible for the management and coordination of its subsidiaries and it is not subject to management and coordination by its Parent Company, Finlav S.p.A.

CORPORATE GOVERNANCE

Luigi Lavazza S.p.A. has adopted a 'traditional' management and control model, marked by the presence of a management body, the Board of Directors, and a control body, the Board of Statutory Auditors. Audit is performed by independent auditors. The corporate governance system is based on the general Italian statutes, the Articles of Association, the Code of Ethics and the Lavazza Group's internal rules and procedures.

The Board of Directors is the central body of the corporate governance system. It has the broadest powers for the management of the Company and the strategic guidance of Luigi Lavazza S.p.A. and the whole Lavazza Group, of which the Company is the Parent. In addition to its responsibilities under the law and the Articles of Association, the Board of Directors is also responsible for taking the most important decisions regarding economic and strategic matters. The Board of Directors is currently composed of 13 members, including five Independent Directors. The mandate of the Board of Directors currently in office will expire upon approval of the 2025 Financial Statements. The Board of Directors is chaired by the Chairman Giuseppe Lavazza, who in 2023 replaced the previous Chairman, Alberto Lavazza, who was in turn appointed Honorary Chairman. The Chairman is supported by Vice Chairman Marco Lavazza.

The Chief Executive Officer Antonio Baravalle was granted broad delegated powers of Company management.

Two Board Committees have been established: (i) the Control, Risk and Sustainability Committee, tasked with supporting the Board of Directors in its assessments and decisions relating to the internal control system and its effectiveness and efficacy and, more generally, in assessing the main company risks (including sustainability-related risks) and the process for approving the financial statements; and (ii) the Remuneration and Appointments Committee, responsible for supporting, with reporting, advisory, propositional and preliminary functions, the Board of Directors in its assessments and decisions with respect to the selection of the professional skills deemed appropriate within the Board and the Directors' and Managers' remuneration.

The Board of Statutory Auditors is the control body responsible for overseeing compliance with the law and the Articles of Association, respect for correct administration principles and, within its remit, adequacy of the internal control system and of the organisational, administrative and accounting structure and its actual functioning. The mandate of the Board of Statutory Auditors currently in office will expire upon approval of the 2024 Financial Statements.

Statutory auditing for the three-year period 2022-2023-2024 has been assigned to the independent auditors EY S.p.A. The independent auditors have been appointed in accordance with the Regulations of the Shareholders' Meeting, upon proposal of the Board of Statutory Auditors, and operate independently and autonomously.

The Board of Directors of the parent company Luigi Lavazza S.p.A., also with support from the Control, Risk and Sustainability Committee, steers the organisational structure that oversees the Lavazza Group's sustainability. The Board of Directors in fact approves the Sustainability Report every year and defines the Group's strategies for achieving its sustainable success objectives.

The role of managing, planning and programming sustainability initiatives as part of the objectives and strategies defined by the Board of Directors is entrusted to the Institutional Relations & Sustainability (IR&S) Department, set up in 2016 and entrusted to the Chief Sustainability Officer (CSO) reporting to the Group's Chief Financial and Corporate Officer (CFCO). The CSO periodically reports to the Control, Risk and Sustainability Committee, the Chief Executive Officer and other members of Top Management on the activities performed by the IR&S Department and the related progress. The IR&S Department promotes, amongst the various company's functions, the adoption and integration of CSR principles in corporate strategies and processes.
In order to increasingly achieve greater integration of sustainability matters at Group level, in 2019 the IR&S Global Network was established. This is a working group composed of the IR&S Department members at the Parent Company and representatives of the main subsidiaries, with a view to empowerment and continuous collaboration.

GROUP'S CODE OF ETHICS

The Lavazza Group has adopted a Code of Ethics, which incorporates the values (Authenticity, Passion for Excellence, Responsibility, Inventiveness) and the application of the high-level ethical principles related to these values, deemed necessary and essential to operate within the market and to establish correct, authentic and transparent relations with national and international stakeholders.

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL AS PER LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001

In accordance with the provisions of Italian Legislative Decree No. 231 of 8 June 2001 on the "Administrative liability of legal persons, companies and associations even without legal personality", since 2006 Luigi Lavazza S.p.A. has adopted and subsequently updated an Organisational, Management and Control Model (hereunder "231 Model") with the aim of ensuring ethical and transparent conduct aimed at reducing the risk of the offences provided for by the aforesaid Decree. The 231 Model has been updated over time considering the introduction of new predicated offences and any organisational changes implemented.

The task of overseeing the implementation and observance of the 231 Model, and updating it, was attributed to a Supervisory Body vested with independent powers of initiative and control. In detail, in order to ensure greater effectiveness for the controls on the efficacy of the 231 Model adopted, the Board of Directors of Luigi Lavazza S.p.A. considered it appropriate to identify a collegiate Supervisory Body, composed of three members (two internal members who are managers of Luigi Lavazza S.p.A. and one external member, acting as Chairman), which meets the autonomy and independence, integrity, professionalism and continuity of action requirements.

The Supervisory Body is currently made up of the following members: Alessandro De Nicola (Chairman), Simona Musso (Chief Legal Officer and General Counsel) and Maurizio Virano (Chief Internal Auditor).

The Supervisory Body reports to the Board of Directors on the actual state of the 231 Model implementation and the outcomes of the supervisory activity carried out, through a written half-yearly report, also addressed to the Board of Statutory Auditors, that illustrates the monitoring activities carried out, the critical issues that emerged and any appropriate corrective and/or improvement measures for implementing the 231 Model.

The 231 Model and the Code of Ethics are integral parts of the Company's Internal Control and Risk Management System (ICRMS). The General Section of the 231 Model is published on the website www.lavazzagroup.com; the Special Sections regarding potentially relevant predicate offences are published on the corporate portal.

Online training sessions on the 231 Law-related issues are planned.

WHISTLEBLOWING SYSTEM

In addition to the channels already adopted for the management of 231 reports (referred to in Annex V to the 231 Model), in accordance with the provisions of Directive (EU) No. 1939/2019 (as transposed into local laws of the countries in which the Group operates), a Group system for the management of whistleblowing reports has been implemented, governed by a specific Whistleblowing Policy published on the corporate Intranet and website.

Persons entitled to submit reports, and the conduct that may be reported, are much broader than as provided in whistleblowing legislation. In fact, the Lavazza Group supports and encourages anyone, whether internal or external to the Group, intending to report — anonymously or providing his/her contact details — a breach of national or European Union laws harmful to the public interest or integrity of the private entity, of which the whistleblower has become aware in a working context, in contrast with the Organisational, Management and Control Model as per Legislative Decree No. 231/2001 (where applicable), the Code of Ethics, the Group policies and procedures and, in general, potential breaches of laws and regulations. This also includes "Ordinary Reports", i.e., reports of behaviour, acts or omissions that may entail damage to the interests and value of the Lavazza Group.

The Lavazza Group has set up specific channels (online platform, dedicated telephone line, e-mail, ordinary post, face-to-face meeting) for managing whistleblowing reports.

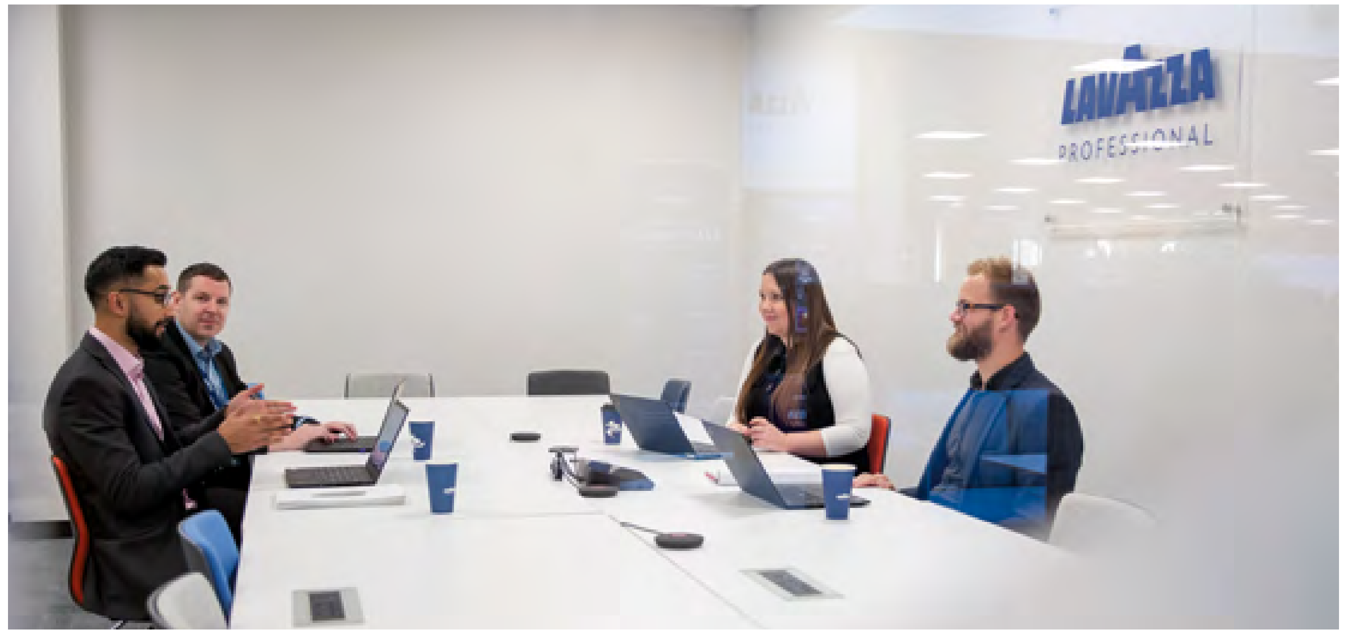
ANTITRUST COMPLIANCE PROGRAMME

The Company has defined an Antitrust Compliance Programme with the aim of identifying and assessing a specific antitrust risk to reiterate and strengthen its commitment to full compliance with the rules to protect competition, already enshrined in the Group's Code of Ethics as a founding principle of the business ethics and value system of the Lavazza Group.
Central elements of the Antitrust Compliance Programme are: the Antitrust Manual, a consultation tool for the use and benefit of those who maintain, on behalf of Group companies, relationships with competitors, customers, suppliers and other stakeholders, and the Group Antitrust Compliance Officer (ACO), the first point of reference — along with the subsidiaries' Local Antitrust Coordinators, where present — for employees when there is doubt about the compatibility of a certain behaviour with competition law.
Training and in-depth sessions on antitrust issues are provided both online and in the classroom.

INTEGRATED COMPLIANCE PROJECT

An integrated compliance programme was launched at Group level, involving the design and development of a model to identify, measure, monitor and manage the risks of regulatory non-compliance to which the Company and the Lavazza Group are exposed. The programme aims to place in dialogue with one another the various components of the Internal Control and Risk Management System (ICRMS), so as to enable opportunities for improvement of the overall system for monitoring legal non-compliance risks, including through simplification and greater operational efficiency of activities and information flows, as well as increased quality of information regarding risks, thus reducing control redundancies within the organisation.
In particular, the project stems from the objective of overcoming the traditional "silos" approach to compliance to build a system — that is really integrated and digital — involving all stakeholders: the Compliance function, the various specialists which, in the performance of their roles, ensure the existence of controls and monitoring systems (the Compliance Specialists) and the other parties involved in the ICRMS (Internal Control and Risk Management System). The objective is, inter alia, to define common assessment metrics, a common glossary, periodic workflows and reporting plans, integrated at the top management level.
The project is divided into two phases. The first of these — already completed — involved a specific focus on the Parent Company, Luigi Lavazza S.p.A., and on the subsidiary Cofincaf S.p.A.: starting from the definition of the areas of compliance, i.e. of the reference regulatory scope from which the main non-compliance risks arise for the Company and the Group (Compliance Area), an activity to identify the respective Compliant Specialists and an overall survey of the current compliance monitoring systems were carried out. This made it possible to carry out a first overall assessment of the legal non-compliance risk, taking account of the monitoring systems that the Company has implemented to prevent or mitigate such risks.
The second phase — launched in 2024 and to be continued in 2025 — involves adapting the integrated compliance model from an international perspective, in light of local legislative structures and needs (model roll-out) and adopting a digital tool allowing for an effective, integrated management of the activities envisaged in the model.
In February 2024, the Board of Directors approved the *Integrated Compliance Model Guidelines*, i.e. the document that guides the Group in the implementation of a structured, coordinated approach to compliance.
In particular, the Integrated Compliance Model has been designed in order to ensure that:

- the main "non-compliance risks" are promptly and effectively identified, assessed, measured and monitored;
- the actions undertaken to mitigate "non-compliance risks", including controls, are effective and adequate to the Group's risk appetite;
- a culture of "first-level controls" and an integrated approach of "second-level controls", including methods, workflows and shared tools, are implemented and duly applied;
- a "professional family" including all Compliance Specialists is in place and operates properly;
- the knowledge of compliance is duly disseminated, through training and communication initiatives, creating a "culture of compliance" within the Lavazza Group;
- the Integrated Compliance Model is subject to ongoing improvement;
- the Integrated Compliance Model processes are tracked and transparent.



The Institutional Relations & Sustainability Department also monitors the main national and European regulatory developments in the ESG field. In fact, the Department is responsible for representing the Lavazza Group in the main national and international working groups in the sector, such as the European Coffee Federation.
The goal is to ensure constant monitoring of compliance and the impacts that current and emerging legislation may have on the business. In this way, the Group has a complete and constantly up-to-date vision, and thus adopts the appropriate tools to meet regulatory requirements. Likewise, compliance with the highest voluntary sustainability standards, together with the adherence to ISO 14001 and ISO 45001 standards, envisaged by the international initiatives which the Group has decided to join, is ensured by the IR&S function's continuous support to the Departments concerned

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PRIVACY ORGANISATIONAL MODEL PURSUANT TO REGULATION (EU) NO. 2016/679

The Group has adopted a Privacy Organisational Model based on the definition of roles and responsibilities in the processing of personal data. Appointments are planned for the roles provided for by the Privacy Organisational Model within all the Group's subsidiaries, including, without limitation, Internal Points of Contact, Privacy Focal Points and local Data Protection Officers (DPO).
The Board of Directors of Luigi Lavazza S.p.A. has identified, within the organisation, a Group Data Protection Officer (DPO) for the better coordination, at Group level, of legal obligations, as well as for the control and monitoring of the application of the rules of the European Regulation on the processing of personal data and of the company policies and procedures adopted on Privacy matters.
In particular, mapping and review have been carried out on data processing, described in the register that is continuously updated, combined with the related analyses and data protection impact assessment (DPIA) and legitimate interest assessment (LIA); operational flows for the exercise of the rights of data subjects are constantly verified; privacy policies, procedures and statements are periodically revised; activities were carried out for the signing of DPAs (Data Processing Agreements) with suppliers involved in processing personal data as external processors; the activities proposed by company Departments/functions involving the processing of personal data are systematically assessed to ensure they are carried out in accordance with the European Regulation (GDPR); and the adequacy of the technical and organisational measures for managing risk is constantly verified.
Of particular importance is the project to define the personal data retention period, due to the major impact that data deletion has on company information systems.
Online training sessions about Privacy are planned, in addition to ad-hoc sessions for the various company Departments and functions. A new training course was implemented internally in 2024 on personal data processing to be provided to the company population and replacing the course that had been used and provided since 2018.
2024 also witnessed the launch of the personal data protection assessment for the MaxiCoffee Group in order to bring it into line with the Lavazza Group's approach — compliant with the General Data Protection Regulation.
A multifunctional monitoring system has been recently created through a dedicated Committee, with the aim of assessing and managing AI-related issues.

TAX COMPLIANCE – TAX CONTROL FRAMEWORK

On 28 December 2022, the Italian Revenue Agency admitted Luigi Lavazza S.p.A. to the Cooperative Compliance regime established pursuant to Legislative Decree No. 128/2015, effective as of the 2021 tax period.

Each year the Company prepares a Tax Control Framework Report pursuant to Article 4, paragraph 2, of Legislative Decree No. 128/2015, which is submitted to the Board of Directors and Board of Statutory Auditors and contains a review of the control activities carried out and their outcome with regard to the efficacy of tax risk control measures, possible remediation actions and other relevant information that is also sent to the Italian Revenue Agency in accordance with reporting and transparency obligations.
Luigi Lavazza S.p.A. is included in the list of the companies admitted to the Cooperative Compliance regime published on the Italian Revenue Agency website.
Since 2020, Luigi Lavazza S.p.A. has benefited from the status of Certified Customs Operator (Full AEO) as part of an integrated compliance process launched in the tax field to identify tax, fraud and customs risks.

CYBERSECURITY

In line with its strategic plans, the Lavazza Group continues to maintain a high level of monitoring of cyber risks and their potential impacts through a programme based on the improvement of conduct in three main areas, i.e., technological, organisational and cultural areas.

The launch of a multi-year cybersecurity development programme has allowed to improve both monitoring and prevention and incident response capabilities through the adoption of technical and organisational measures that has enabled overall risk mitigation.

The multi-year programme — completed in 2024 — provides for a period of stabilisation in 2025, as well as the design and launch of a new plan to ensure ongoing improvement and adaptation to the cyber risk scenarios of the market.

The new plan will be based on maintaining, consolidating and improving what has already been implemented and, with a view to prevention, on introducing new technical and organisational measures to hedge against the new risk scenarios that will appear in the future.

OUTLOOK

The global economic and political landscape continues to be increasingly marked by uncertainty and unpredictability, therefore, early 2025 is expected to be still characterised by complex trajectories.

The growing costs of raw materials, with further price increases — +20% for Arabica and +10% for Robusta in the first months of 2025 — and the potential complexities arising from the tariffs announced by the United States are an example of this. In addition, there is further tension generated by the ongoing Russia-Ukraine and Middle East conflicts.

In this complex context, aware of the challenges ahead of us — which are very demanding and not without risk —, we will do all that is necessary to protect volumes and customers as much as possible, without ever compromising on the quality of our products. We will seek out every possible solution to cope with an extremely critical industry scenario, implementing effective solutions in terms of profitability, leveraging on consolidating our offer and the quality of our products, as well as on our international growth strategy, focused particularly on consolidating the European market, as an omnichannel leader, and on developing strategic markets such as the United States and rapidly growing areas such as China.

The Chairman of the Board of Directors

Giuseppe Lavazza

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LAVAZZA GROUP CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

ACCOUNTING STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ thousand	NOTES	31.12.2024	31.12.2023
Goodwill	10.1	1,224,812	1,188,639
Other intangible assets	10.2	485,742	503,518
Rights of use	10.3	225,649	216,684
Property, plant and equipment	10.4	622,862	615,882
Investments in other companies	10.5	365,341	60,200
Non-current financial assets	10.6	26,890	37,205
Deferred tax assets	10.7	78,017	85,993
Other non-current assets	10.8	4,986	5,247
Total non-current assets		**3,034,299**	**2,713,368**
Inventories	10.9	613,170	561,600
Trade receivables	10.10	335,091	307,850
Current tax receivables	10.11	49,708	41,158
Other current assets	10.8	84,975	76,706
Current financial assets	10.6	312,032	438,262
Cash and cash equivalents	10.12	199,641	199,985
Total current assets		**1,594,617**	**1,625,561**
Assets held for sale		**296**	**27**
TOTAL ASSETS		**4,629,212**	**4,338,956**
Share capital	10.13	25,090	25,090
Reserves	10.13	2,566,182	2,494,614
Profit for the year		82,302	67,777
Equity attributable to the Group		**2,673,574**	**2,587,481**
Equity attributable non-controlling interests	10.13	1,270	910
Profit (loss) for the year attributable to non-controlling interests		142	90
TOTAL EQUITY		**2,674,986**	**2,588,481**
Non-current financial liabilities	10.14	491,235	618,042
Right-of-use liabilities, non current	10.15	152,030	151,009
Provisions for employee benefits	10.16	69,997	70,719
Provisions for future risks and charges	10.17	103,993	84,708
Deferred tax liabilities	10.7	128,478	119,827
Other non-current liabilities	10.20	105	113
Total non-current liabilities		**945,838**	**1,044,418**
Current financial liabilities	10.14	364,386	161,913
Right-of-use liabilities, current	10.15	41,296	35,107
Trade payables	10.19	416,021	337,972
Provisions (current portion)	10.17	51,044	42,242
Current tax payables	10.18	7,492	3,047
Other current liabilities	10.20	128,149	125,776
Total current liabilities		**1,008,388**	**706,057**
FV LIABILITIES HELD FOR SALE			**-**
TOTAL LIABILITIES		**4,629,212**	**4,338,956**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

€ thousand	NOTES	YEAR 2024	YEAR 2023
Net revenues	11.1	3,349,133	3,068,901
Cost of sales	11.2	(2,287,645)	(2,163,576)
GROSS PROFIT		**1,061,488**	**905,325**
Promotional and advertising costs	11.3	(204,858)	(177,257)
Selling costs	11.4	(292,163)	(263,137)
General and administrative expenses	11.5	(374,900)	(325,662)
Research and development costs	11.6	(16,835)	(15,327)
Other operating income (expense)	11.7	(27,106)	(13,978)
OPERATING PROFIT		**145,626**	**109,964**
Non-recurring income (expense)	11.7	(10,242)	(5,711)
Income (Loss) for investments in JVs and associates	11.7	(4,888)	(7,474)
PROFIT BEFORE THE FINANCIAL COMPONENT AND TAXES		**130,496**	**96,779**
Financial income (expense)	11.9	(5,690)	(9,894)
Dividends and results from investments	11.9	532	514
PROFIT BEFORE TAXES		**125,338**	**87,399**
Income taxes for the year	11.10	(42,894)	(19,532)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**82,444**	**67,867**
Profit/(Loss) from discontinued operations		-	-
PROFIT (LOSS) FOR THE YEAR		**82,444**	**67,867**
PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**142**	**90**
PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP		**82,302**	**67,777**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousand	YEAR 2024	YEAR 2023
PROFIT (LOSS) FOR THE YEAR	82,444	67,867
Other components of comprehensive income that will be subsequently reclassified to profit / loss for the year (net of taxes):		
Translation differences of foreign financial statements	32,945	(20,750)
(Loss)/Gain from hedging derivatives (cash flow hedge)	1,005	5,229
Other components of comprehensive income that will be subsequently reclassified to profit/(loss) for the year, net of taxes	**33,950**	**(15,521)**
Other components of comprehensive income that will not be subsequently reclassified to profit / loss for the year (net of taxes):		
(Loss)/Gain from revaluation of defined benefit plans	1,225	(5,160)
Other components of comprehensive income that will not be subsequently reclassified to profit/(loss) for the year, net of taxes	**1,225**	**(5,160)**
TOTAL COMPONENTS OF OTHER COMPREHENSIVE INCOME, NET OF TAXES	**35,175**	**(20,681)**
TOTAL PROFIT/(LOSS) NET OF TAXES	**117,619**	**47,186**
Attributable to:		
Equity holders of the Parent	117,476	47,098
Non-controlling interests	143	88

CONSOLIDATED STATEMENT OF CASH FLOWS

€ thousand	2024	2023
NET PROFIT	**82,444**	**67,867**
Income taxes	42,894	19,532
Financial expense/(income)	10,824	14,562
Value adjustments to financial assets/liabilities	(6,582)	(7,719)
RESULT BEFORE TAXES, INTEREST AND ADJUSTMENTS TO FINANCIAL ASSETS	**129,580**	**94,242**
(Gains)/Losses from disposal of assets	381	152
Additions to provisions, employee benefits and other non-monetary components	83,371	55,432
Amortisation, depreciation and write-downs	184,094	166,314
RESULT ADJUSTED FOR NON-MONETARY COMPONENTS	**397,426**	**316,140**
Change in trade receivables	(23,196)	(32,852)
Change in inventories	(44,917)	116,001
Change in trade payables	76,214	(210,812)
Change in other receivables/payables	(8,445)	45,904
CASH FLOW AFTER CHANGES IN NET WORKING CAPITAL	**397,082**	**234,381**
Taxes paid	(31,953)	(18,556)
Use of provisions and indemnities paid	(43,246)	(85,230)
Interest and dividends collected, interest (paid)	(10,072)	(13,201)
CASH FLOWS FROM OPERATING ACTIVITIES	**311,811**	**117,394**
Purchases of property, plant and equipment	(126,573)	(111,335)
Purchases of intangible assets	(23,401)	(23,538)
Change in current financial assets	143,840	(13,790)
Change in non-current financial assets	4,479	14,127
Change in derivatives	(4,644)	2,574
Disposals (Acquisitions) of other equity investments	(331,156)	(304,865)
CASH FLOWS FROM INVESTING ACTIVITIES	**(337,455)**	**(436,827)**
Net variation of bank loans and payables	78,825	242,383
Net reimbursement of right-of-use liabilities	(23,356)	(14,555)
Dividends paid	(27,156)	(39,269)
CASH FLOWS FROM FINANCING ACTIVITIES	**28,313**	**188,559**
Cash and cash equivalents classified to assets available for sales		
Exchange rate effect	(3,013)	356
CASH FLOWS GENERATED (USED)	**(344)**	**(130,518)**
Cash and cash equivalents at year-start	**199,985**	**330,503**
Cash and cash equivalents at year-end	**199,641**	**199,985**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Movements in equity	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	OTHER CAPITAL RESERVES	RETAINED EARNINGS	(LOSS)/GAIN FROM HEDGING DERIVATIVES (CASH FLOW HEDGE)	(LOSS)/GAIN FROM REVALUATION OF DEFINED BENEFIT PLANS	RESERVE FOR FVOCI FINANCIAL INSTRUMENTS	TRANSLATION DIFFERENCES OF FOREIGN FINANCIAL STATEMENTS	EQUITY TRANSACTION RESERVE	FTA RESERVE	EQUITY ATTRIBUTABLE TO THE GROUP	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at 1 January 2023	**25,090**	**9,134**	**(17,733)**	**636,143**	**1,794,466**	**1,564**	**14,260**	**9,172**	**30,773**	**(7,063)**	**83,377**	**2,579,182**	**1,381**	**2,580,563**
Profit for the year	-	-	-	-	67,777	-	-	-	-	-	-	67,777	90	67,867
Other components of comprehensive income	-	-	-	-	-	5,229	(5,158)	-	(20,750)	-	-	(20,679)	(2)	(20,681)
Total comprehensive profit/(loss) for the year	**-**	**-**	**-**	**-**	**67,777**	**5,229**	**(5,158)**	**-**	**(20,750)**	**-**	**-**	**47,098**	**88**	**47,186**
Payment of dividends	-	-	-	-	(38,855)	-	-	-	-	-	-	(38,855)	(417)	(39,272)
Reclassifications - other movements	-	-	-	18	(4,722)	(4)	2	-	4,762	-	-	56	(52)	4
Balance at 31 December 2023	**25,090**	**9,134**	**(17,733)**	**636,161**	**1,818,666**	**6,789**	**9,104**	**9,172**	**14,784**	**(7,063)**	**83,377**	**2,587,481**	**1,000**	**2,588,481**

Movements in equity	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	OTHER CAPITAL RESERVES	RETAINED EARNINGS	(LOSS)/GAIN FROM HEDGING DERIVATIVES (CASH FLOW HEDGE)	(LOSS)/GAIN FROM REVALUATION OF DEFINED BENEFIT PLANS	RESERVE FOR FVOCI FINANCIAL INSTRUMENTS	TRANSLATION DIFFERENCES OF FOREIGN FINANCIAL STATEMENTS	EQUITY TRANSACTION RESERVE	FTA RESERVE	EQUITY ATTRIBUTABLE TO THE GROUP	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at 1 January 2024	**25,090**	**9,134**	**(17,733)**	**636,161**	**1,818,666**	**6,789**	**9,104**	**9,172**	**14,784**	**(7,063)**	**83,377**	**2,587,481**	**1,000**	**2,588,481**
Profit for the year	-	-	-	-	82,302	-	-	-	-	-	-	82,302	142	82,444
Other components of comprehensive income	-	-	-	-	-	1,005	1,224	-	32,945	-	-	35,174	1	35,175
Total comprehensive profit/(loss) for the year	**-**	**-**	**-**	**-**	**82,302**	**1,005**	**1,224**	**-**	**32,945**	**-**	**-**	**117,476**	**143**	**117,619**
Payment of dividends	-	-	-	-	(27,108)	-	-	-	-	-	-	(27,108)	(48)	(27,156)
Reclassifications - other movements	-	-	-	-	73	-	-	-	-	(4,348)	-	(4,275)	317	(3,958)
Balance at 31 December 2024	**25,090**	**9,134**	**(17,733)**	**636,161**	**1,873,933**	**7,794**	**10,328**	**9,172**	**47,729**	**(11,411)**	**83,377**	**2,673,574**	**1,412**	**2,674,986**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

LAVAZZA GROUP

SUSTAINABLE PRINT

SINGLE PAGE PRINT

1. COMPANY INFORMATION

The publication of the Consolidated Financial Statements of Luigi Lavazza S.p.A. (the Parent Company) for the year ended 31 December 2024 was authorised by the Board of Directors on 27 March 2025. Luigi Lavazza S.p.A. is a company limited by shares registered and domiciled in Italy. The registered office is in Turin, via Bologna 32.
Luigi Lavazza S.p.A. and its investee companies are directly and indirectly controlled by Finlav S.p.A., with registered office in Turin, Via Bologna 32.
The Lavazza Group produces and distributes coffee in Italy and internationally under its own brand and other leading industry product brands (Carte Noire, Merrild and Kicking Horse Coffee).
The Lavazza Group's Consolidated Financial Statements at and for the year ended 31 December 2024 have been prepared on a going-concern basis

2. ACCOUNTING STANDARDS

2.1 PRINCIPLES OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Group's Consolidated Financial Statements at 31 December 2024 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. These standards are also meant to include all revised international accounting standards (IAS) and all the interpretations of the International Financial Reporting Interpretation Committee (IFRIC), previously known as Standing Interpretation Committee (SIC).

The Consolidated Financial Statements have been prepared on a cost basis, taking account of impairment, where appropriate, except for derivative financial instruments and new acquisitions, which have been accounted for at their fair value, unless IFRS permit a different basis of measurement.

The carrying amounts of assets and liabilities subject to fair value hedging transactions, which would otherwise be measured at cost, have been adjusted to take account of the changes in fair value attributable to the hedged risk.

The Consolidated Financial Statements have been presented in Euro and all values have been rounded to thousands of Euro, unless otherwise indicated.

The financial statements of consolidated subsidiaries have been prepared in reference to the same reporting period, adopt the same accounting principles as the Parent Company and have been included in the Consolidated Financial Statements from the date on which the Group acquires control until the moment such control ceases to exist. Where the Group loses control of a subsidiary, the Consolidated Financial Statements include the subsidiary's performance in proportion to the period in which the Group exercised control.

Any non-controlling interests in the equity and reserves of subsidiaries and non-controlling interests in the profit or loss for the year of consolidated subsidiaries are separately presented in the Consolidated Statement of Financial Position and Consolidated Statement of Profit or Loss.

2.2 CONSOLIDATED ACCOUNTING STATEMENTS

The statement of financial position presents a separate classification of assets and liabilities as "current/non-current". The statement of profit or loss classifies expenses by their function. The statement of cash flows has been prepared so as to represent cash flows from operating activities using the "indirect method", in accordance with IAS 7.

An asset is classified as current when:

- it is expected to be realised or is held to sell or consume, in its normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be realised within twelve months after the reporting period;
- it is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in its normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period;
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3 ONGOING-CONCERN BASIS

The 2024 Consolidated Financial Statements have been prepared by treating the business as a going concern, inasmuch as it may reasonably be expected that the Lavazza Group will continue to operate for the foreseeable future with a time horizon of over twelve months. For further details, reference should be made to the Directors' Single Report on Operations.

3. CONSOLIDATION AREA AND CHANGES

The Consolidated Financial Statements include the financial statements at and for the year ended 31 December 2024 of Luigi Lavazza S.p.A., the Parent Company, and of the subsidiaries in which Luigi Lavazza S.p.A. has the power to direct the relevant activities and is exposed to the variability of their performance.
At 31 December 2024, the consolidation area changed compared with the previous year as a result of the following transactions:

- acquisition at 30 June 2024 — through the company MaxiCoffee Group S.a.s. — of a 100% interest in Saveur Express'O S.a.s., a company operating in the e-commerce and OCS/Vending segments in the Lyon area, consolidated using the line-by-line method;
- acquisition at 30 October 2024 — through the company MaxiCoffee Group S.a.s. — of a 100% interest in Avantages Café S.a.s., a French company specialising in the OCS segment for B2B customers, consolidated using the line-by-line method;
- acquisition at the end of October 2024 of a 100% interest in the company Automaten Phönix G.m.b.H, operating in the vending segment in the Köln region, Germany;
- acquisition — completed on 4 October 2024 — of a 49% interest in IVS Group S.A. ("IVSG"), a Luxembourg-based company at the head of the IVS Group — market leader in Italy and second player in the European Union in the vending market. Initially recognised at the purchase cost of €318.7 million, the equity investment was subsequently consolidated using the equity method. Following adjustment to the equity attributable to the Group, at year-end the equity investment in IVS Group S.A. amounted to €314.3 million.

It should also be noted that on 1 July 2024 Stirlingshire Vending (Scotland) Limited contributed its assets and liabilities to the parent company Lavazza Professional (UK) Ltd. Both companies are consolidated using the line-by-line method.
Moreover, at the date of approval of this Report, the associate Ediwen G.m.b.H. — in which a 21.2% interest is held — changed its name into IVS Germany G.m.b.H.

The following table provides a detail of consolidated companies, associates and other minor investees.

COMPANY NAME	REGISTERED OFFICE		SHARE CAPITAL	% HELD DIRECTLY	% HELD INDIRECTLY	% HELD BY THE GROUP
PARENT COMPANY:						
Luigi Lavazza S.p.A.	Turin	EUR	25,090,000	-	-	-
COMPANIES CONSOLIDATED USING THE LINE-BY-LINE METHOD						
Nims S.p.A.	Padua	EUR	3,000,000	97	-	100
Lavazza France S.a.s.	Boulogne	EUR	21,445,313	100	-	100
Carte Noire S.a.s.	Boulogne	EUR	103,830,406	100	-	100
Carte Noire Operations S.a.s.	Lavérune	EUR	28,523,820	-	100	100
Lavazza Kaffee G.m.b.H.	Vienna	EUR	218,019	100	-	100
Lavazza Deutschland G.m.b.H.	Frankfurt	EUR	210,000	100	-	100
Kicking Horse Coffee Co. Ltd	Invermere	CAD	186,594,203	100	-	100
Lavazza Coffee (UK) Ltd	Uxbridge	GBP	1,000	100	-	100
Lavazza Spain S.L.	Barcelona	EUR	1,090,620	100	-	100
Lavazza Sweden AB	Stockholm	SEK	100,000	100	-	100
Lavazza Do Brasil Ltda	Rio de Janeiro	BRL	77,097,753	100	-	100
Cofincaf S.p.A.	Turin	EUR	3,000,000	99	-	99
Lavazza Netherlands B.V.	Amsterdam	EUR	111,500,000	100	-	100
Lavazza Argentina SA.	Buenos Aires	ARS	103,708,928	98	2	100
Lavazza Australia Pty Ltd	Hawthorn	AUD	7,310,600	100	-	100
Lavazza Capital S.r.l.	Turin	EUR	200,000	100	-	100
Lavazza Denmark ApS	Middelfart	DKK	50,000	100	-	100
Lavazza Baltics SIA	Line	EUR	2,828	-	100	100
Lavazza Professional France	Roissy en France	EUR	279,706	-	100	100
Lavazza North America Inc.	West Chester, PA	USD	30,800,001	100	-	100
Lavazza Professional UK Limited	Basingstoke	GBP	34,084,001	-	100	100
Lavazza Professional UK Operating Services Limited	Basingstoke	GBP	2,630,000	-	100	100
Lavazza Professional Germany G.m.b.H.	Verden	EUR	50,000	-	100	100
Lavazza Japan GK	Tokyo	JPY	1,000	100	-	100
Automaten Phönix G.m.b.H.	Harbach	EUR	25,000	-	100	100
Lavazza Australia OCS Pty Ltd	Mulgrave	AUD	n.d.	-	100	100
MaxiCoffee Group S.a.s.	Boulogne	EUR	162,056,067		99	99
E- Coffee Solutions S.r.l.	Turin	EUR	1,000,000	100	-	100
MaxiCoffee Support S.a.s.	Gardanne	EUR	81,044,551	-	99	99
MaxiCoffee Solutions Sud S.a.s.	Gardanne	EUR	3,500,000	-	99	99
MaxiCoffee Solutions Est S.a.s.	Pont-Saint-Vincent	EUR	3,000,000	-	99	99
MaxiCoffee Solutions Ara S.a.s.	Neyron	EUR	1,922,400	-	99	99
MaxiCoffee Solutions Nord S.a.s.	Neuville En Ferrain	EUR	8,598,956	-	99	99
MaxiCoffee Solutions IDF S.a.s.	Gonesse	EUR	6,179,124	-	99	99
MaxiCoffee Solutions Ouest S.a.s.	Noyal-Chatillon-Sur-Seiche	EUR	5,381,376	-	99	99
MaxiCoffee Grands Comptes S.a.s.	Parigi	EUR	1,002,000	-	99	99
MaxiCoffee Shop and Store SASU	Gardanne	EUR	1,247,200	-	99	99
Intui Sense S.a.s.	Gemenos	EUR	600,000	-	99	99
MaxiCoffee Solutions Service S.a.s.	Gardanne	EUR	200,000	-	99	99
MaxiCoffee Shop S.a.s.	Mios	EUR	683,200	-	99	99
MaxiCoffee Online S.a.s.	Mios	EUR	15,039,104	-	99	99
Immobiliere MaxiCoffee SARL	Gardanne	EUR	50,000	-	99	99
MaxiCoffee École Café SAU	Mios	EUR	151,000	-	99	99
MaxiCoffee Factory SASU	Mios	EUR	1,000	-	99	99
MaxiCoffee S.a.s.	Gardanne	EUR	71,060,720	-	99	99
Daltys Coffee & Food SAS	Gardanne	EUR	2,583,547	-	99	99
Avantages Café S.a.s.	Tigery	EUR	83,300	-	99	99
Saveur Express'O S.a.s.	Beynost	EUR	300,000	-	99	99
Stirlingshire Vending (Scotland) Limited	Alloa	GBP	100	-	100	100
COMPANIES CONSOLIDATED USING THE EQUITY METHOD						
Y&L Coffee Ltd	Hong Kong	USD	220,000,000	35	-	35
IVS Germany G.m.b.H	Otterfing	EUR	1,954,700	-	21	21
Fresh and Honest Café Limited	Chennai	INR	91,304,920	-	24	24
IVS Group SA	Luxembourg	EUR	872,512	-	49	49
OTHER INVESTMENTS						
Lavazza Maroc S.a.r.	Casablanca	MAD	10,000	100	-	100
Lavazza Trading (Shenzhen) Co. Ltd	Shenzhen	CNY	8,201,500	100	-	100
International Coffee Partners G.m.b.H.	Hamburg	EUR	175,000	20	-	20
INVESTMENTS VALUED AT FAIR VALUE						
Clubitaly S.p.A.	Milan	EUR	6,164,300	-	6	6
Casa del Commercio e Turismo S.p.A.	Turin	EUR	114,700	3	-	3
Air Vallée S.p.A.	St. Christopher	EUR	6,000,000	2	-	2
Immobilière 3F (formerly Le Foyer du Fonctionnaire)	Paris	EUR	46,552,000	n.a.	-	n.a.
DAREA	Périgny	EUR	n.a.	-	n.a.	n.a.
Crédit Agricole Alpes Provence	Aix-en - Provence	EUR	n.a.	-	n.a.	n.a.
PRODIA S.a.s.	Fleury Les Aubrais	EUR	n.a.	-	n.a.	n.a.

The above-mentioned business combinations fall within the application of the IFRS 3 and were thus included in the Consolidated Financial Statements of the Lavazza Group according to the acquisition method criteria.

The following table, expressed in Euro million, shows the consideration paid together with the value of the assets acquired and liabilities assumed at the acquisition date, with regard to the acquisitions of controlling interests:

	SAVEUR EXPRESS'O S.A.S.	AVANTAGES CAFÉ S.A.S.	AUTOMATEN PHÖNIX G.M.B.H.	TOTAL
Deferred deductibility costs	**2.0**	**4.5**	**0.6**	**7.1**
Current assets	**1.9**	**2.2**	**1.0**	**5.2**
Total assets	**3.9**	**6.7**	**1.6**	**12.2**
Non current liabilities	1.2	3.8	0.8	5.8
Provisions for employees	-	-	-	-
Current liabilities	1.6	1.3	1.2	4.1
Total liabilities	**2.8**	**5.1**	**2.0**	**9.9**
Total net assets acquired	**1.2**	**1.6**	**(0.4)**	**2.3**
Goodwill recognised in the MaxiCoffee Group	(1.2)	(1.1)	-	(2.2)
Purchase price (including option debt)	(7.0)	(6.3)	(0.2)	(13.5)
Difference to be allocated	**7.0**	**5.8**	**0.6**	**13.4**
MaxiCoffee brand/trademark	-	-	-	-
Customer relations	-	-	-	-
Property, plant, equipment	-	-	-	-
Deferred taxes on price allocation	-	-	-	-
Goodwill	**7.0**	**5.8**	**0.6**	**13.4**
of which Provisional Goodwill		**5.8**	**0.6**	**6.4**

The following table, expressed in Euro million, shows the consideration paid together with the value of net assets and liabilities (equity value) at the acquisition date, with reference to the acquisition of equity investments in associates made in the year:

	IVS GROUP SA
Equity Value of IVS Group	**241,9**
Purchase price of the investment in the associate company	(318,7)
Goodwill	**76,7**
of which Provisional Goodwill	**76,7**

With reference to the acquisition of the equity investment in Avantages Café S.a.s., Automaten Phönix G.m.b.H. and IVS Group S.A., carried out the end of the year, it should be noted that the purchase price allocation process has yet to be started by the Parent Company. Accordingly, the temporary difference between the price paid and the fair value of the net assets acquired has been provisionally allocated to goodwill. In accordance with IFRS 3, the allocation must be completed for the purposes of the preparation of the financial statements at and for the year ending 31 December 2025.

As regards the acquisition of the equity investment in Saveur Express'O S.a.s., the purchase price allocation process did not identify any significant assets acquired or liabilities assumed for the allocation of the price paid, based on the acquisition method criteria. Accordingly, pursuant to IFRS 3, the difference between the consideration paid and net assets acquired was fully allocated, on a residual basis, to goodwill.

This goodwill is mainly referrable to the widespread presence of vending machines in France and to the company's presence in the e-commerce channel, used mainly in France. Therefore, the goodwill has been attributed to the France CGU.

4. CONSOLIDATION CRITERIA

The Consolidated Financial Statements include the financial statements of Luigi Lavazza S.p.A. and its subsidiaries at 31 December 2024. Control is achieved when the Group is exposed or entitled to variable returns arising from its relationship with the investee, together with the ability to influence such returns by exercising its power over the said entity.
Specifically, the Group controls an investee if it has all the following:

- power over the investee, that is to say the ability to direct the relevant activities of the investee, i.e., the activities that significantly affect the investee's returns;
- rights to variable returns (positive or negative) from its involvement with the investee;
- the ability to use its power over the investee to affect the amount of the investor's returns.

In general, the majority of voting rights is deemed to entail control over the investee. In support of this presumption, and when the Group holds less than the majority of voting rights (or similar rights), the Group considers all relevant facts and circumstances to determine whether it controls the investee, including:

- contractual agreements with other vote-holders;
- rights under contractual agreements;
- voting rights and potential voting rights of the Group from its involvement with the investee.

Consolidation of an investee begins from the date the Group obtains control of the investee and ceases when the Group loses control of the investee. Assets, liabilities, revenues and costs of the subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group obtains control until the date the Group no longer has control over the investee.
All subsidiaries are consolidated using the line-by-line method. According to this method, the consolidated entities' assets, liabilities, income and expenses are incorporated into the consolidated financial statements line by line. The carrying amount of the equity investments is derecognised against the corresponding share of the investees' equity, attributing each asset and liability its current value at the date of acquisition of control. Any residual difference, where positive, is taken to goodwill; where negative, it is recognised through profit or loss.
When preparing the Consolidated Financial Statements, all balances of intra-Group assets and liabilities, income and expenses and cash flows are eliminated, along with unrealised gains and losses on intra-Group transactions.

All assets and liabilities of foreign entities in currencies other than the Euro that fall within the scope of consolidation are translated at the spot exchange rates at the reporting date (current exchange rate method), whereas the related revenues and costs are translated at the average exchange rates for the year. Exchange differences on the translation of foreign operations arising from this method are classified in equity.

The profit (loss) for the year and all other components of other comprehensive income are attributed to the shareholders of the Parent Company and non-controlling interests, even if this entails that minority interests have a negative balance.
Where necessary, the financial statements of the subsidiaries are adjusted as appropriate in order to ensure compliance with the Group's accounting policies. All intra-Group assets and liabilities, equity, revenues, costs and cash flows relating to transactions between Group entities are fully eliminated during the consolidation process.
Changes in the percent interest in a subsidiary that do not entail a loss of control are accounted for using the equity method.
The Consolidated Financial Statements are presented in Euro, the functional and presentation currency adopted by the Parent Company. Each Group entity determines its own functional currency, which is used to measure the items included in the individual financial statements. The Group adopts the direct consolidation method. The amount that arises from the use of this method is represented by the gain or loss reclassified to the statement of profit or loss when a foreign subsidiary is disposed of.

The exchange rates used for translating financial statements denominated in currencies other than the Euro are as follows:

	2024		2023	
CURRENCY	AVERAGE EXCHANGE RATE	YEAR-END	AVERAGE EXCHANGE RATE	YEAR-END
Argentine Peso (*)	1,067.48	1,067.48	894.54	894.54
Australian Dollar	1.64	1.68	1.63	1.63
Brazilian Real	5.83	6.43	5.40	5.36
Canadian Dollar	1.48	1.49	1.37	1.44
Danish Krone	7.46	7.46	7.45	7.45
Pound Sterling	0.85	0.83	0.89	0.87
Indian Rupee	90.56	88.93	89.30	91.90
Japanese Yen	163.85	163.06	151.99	156.33
Swedish Krona	11.43	11.46	11.48	11.10
US Dollar	1.08	1.04	1.08	1.11

(*): Company in hyperinflation; the average exchange rate, identical to the year-end exchange rate, has been applied pursuant to IAS 29.

5. MAIN PRINCIPLES USED FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are recognised in accordance with IFRS 3, using the acquisition method. The cost of an acquisition is determined as the sum of the consideration transferred, measured at its acquisition date fair value, and the amount of the minority interest in the acquiree. For each business combination, the Group determines whether to measure the minority interest in the acquiree at fair value or in proportion to the minority interest share of the acquiree's identifiable net assets. Acquisition costs are expensed during the year and classified as administrative expenses.

When the Group acquires a business, it classifies or designates the financial assets acquired or the liabilities assumed in accordance with the contractual terms, economic conditions and other relevant conditions in effect at the acquisition date.

Any contingent consideration to be paid is recognised by the acquirer at its acquisition date fair value.
Goodwill is initially recognised at cost, represented by the amount by which the sum of the consideration paid and amount recognised for minority interests exceeds the identifiable net assets acquired and liabilities assumed by the Group. If the fair value of the net assets acquired exceeds the consideration, the difference (gain) is taken to the statement of profit or loss. Any ancillary costs related to the business combination are recognised through profit or loss.
After initial recognition, goodwill is not amortised, but measured at cost, net of cumulative impairment losses. For impairment-testing purposes, the goodwill acquired in a business combination is allocated at the acquisition date to each cash-generating unit of the Group that is expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquiree are assigned to the units concerned.
If goodwill has been allocated to a cash-generating unit, and the entity disposes of part of the unit's assets, the goodwill associated with the asset disposed of is included in the carrying amount of the asset when determining the gain or loss on disposal. The goodwill associated with the asset disposed of is determined based on the values of the asset disposed of and the retained portion of the cash-generating unit.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

An associate is an entity over which the Group has significant influence. Significant influence means the power to participate in the financial and operating policy decisions but not to control them.
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.
The Group's investments in associates and joint ventures are measured using the equity method.
Their goodwill is included in the carrying amount of the investment and is not subject to a separate impairment test.
Following the application of the equity method, the Group assesses whether it is necessary to recognise any impairment of its equity interest as the difference between the recoverable amount and carrying amount of the said equity interest.
When the Group ceases to have a significant influence over the associate, it measures and recognises the remaining investment at fair value. The difference between the carrying value of the investment at the date significant influence or joint control cease and the fair value of the remaining investment and the consideration received is recognised through profit or loss.

FAIR VALUE MEASUREMENT

The Group measures financial instruments, such as derivatives, and non-financial assets, such as investment properties, at fair value at each reporting date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability

or

- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Group uses valuation techniques that are appropriate in the circumstances in question and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities, which the entity can access at measurement date;
- Level 2 - Inputs other than quoted prices included in Level 1, directly or indirectly observable for the asset or liability;
- Level 3 - Valuation techniques for which the input data is unobservable for the asset or liability.

The fair value measurement is wholly classified in the same fair value hierarchy level in which the lowest level input used for measurement is classified.
For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.
The Group determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets held for sale, and for non-recurring measurement, such as assets held for sale in discontinued operations. The Group is comprised of the heads of properties, acquisitions and mergers, the head of risk management, chief finance officers and the managers of each manufacturing unit.

At each reporting date, the Group analyses the movements in the values of assets and liabilities that are required to be remeasured or re-assessed as per the Group's accounting policies.
For this analysis, the Group verifies the major inputs applied in the most recent valuation by comparing the information used in the valuation with contracts and other relevant documents.
The Group, in conjunction with its external appraisers, compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. The valuation results are shared with the Group's Statutory Auditors and Independent Auditors. The presentation includes a discussion of the major assumptions used in the valuations.
For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.
Fair-value related disclosures for financial instruments and assets and liabilities valued at fair value are summarised in paragraph 10.22 of these Notes.

OTHER INTANGIBLE ASSETS

Intangible assets acquired are recognised in accordance with IAS 38 – Intangible Assets where the use of the assets is likely to give rise to future economic benefits and the cost of the asset may be reliably determined.
Intangible assets acquired separately are initially measured at cost, whereas intangible assets acquired in a business combination are recognised at their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which it is incurred.
The useful lives of intangible assets are assessed as either finite or indefinite.
Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that they may be impaired. Amortisation rates are controlled every year and changes are recognised through profit or loss.
Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.
Any gain or loss arising upon derecognition of an intangible asset (calculated as the difference between the net disposal proceeds and the carrying amount of the intangible asset) is included in the statement of profit or loss for the year when the asset is derecognised.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs are charged to the statement of profit or loss for the financial year in which they are incurred. Development costs borne for a specific project are recognised as intangible assets when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete and use or sell the asset;
- how the intangible asset will generate future economic benefits;
- the availability of resources to complete the development;
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

After initial recognition, development costs are carried at cost less any amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Development is amortised over the period of expected future benefits and amortisation rates are recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

PATENTS AND LICENCES

The costs of industrial patent rights, concession rights, licences and other intangible assets are recognised as assets only if they are capable of generating future economic benefits for the company. Such costs are amortised according to their useful lives, where finite, or on the basis of their contractual term. Software licences refer to the purchase cost of the licences and any external consultancy costs or any internal costs for personnel required for development. They are expensed during the year in which the internal or external costs relating to training of personnel and any other related costs are incurred.

The following table provides a summary of the amortisation rates applied to the Group's intangible assets:

Capitalised research costs	3-7 years
Rights for industrial patents and rights for exploitation of intellectual property	3-5 years
Licences and similar rights	5 years
Other	3-5 years

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at historical cost, less accumulated depreciation and any accumulated impairment losses. Land is recognised at historical cost less any impairment losses. Such cost includes the cost, as incurred, of replacing part of the plant and equipment if the recognition criteria are met.
Costs incurred after purchase are only capitalised if they increase the future economic benefits that may be derived from the use of the asset. The costs of replacing identifiable components of complex assets are capitalised and depreciated over their useful lives; the residual carrying amount of the replaced component is taken to the statement of profit or loss. Other costs are recognised in profit or loss as incurred.
Financial expenses incurred in respect of investments in assets for which a certain period of time is normally required before the asset is ready for use or sale (*qualifying assets pursuant to IAS 23 – Borrowing Costs*) are capitalised and depreciated over the useful life of the class of assets to which they refer. All other borrowing costs are recognised in profit or loss as incurred.
Ordinary maintenance and repair costs are recognised in the statement of profit or loss in the financial year in which they are incurred.
Depreciation is calculated on a straight-line basis over the estimated useful lives of the individual assets, based on the Group's usage plans, which also take into account the estimated physical wear and tear and technological obsolescence of the asset, as well as the presumable expected realisable value, net of disposal costs.
Where an item of property, plant and equipment consists of multiple significant components with different useful lives, depreciation is applied to each component.
The value to be depreciated is represented by the carrying amount, less the presumed net disposal value at the end of the useful life of the asset, where material and reasonably determinable.
Land is not depreciated, even where purchased together with a building, nor are items of property, plant and equipment held for sale, which are measured at the lesser of their recognition amount and fair value, net of costs to sell.

The following depreciation rates are used:

Buildings	60 years
Buildings not used for business	80 years
Plant and machinery	10-30 years
Industrial equipment and moulds	3-10 years
Espresso machines and other commercial equipment	3-7 years
Furniture and fittings	8 years
Means of transport	8-12 years
Electronic machinery	5 years

The carrying amount of an item of property, plant and equipment, and all initially recognised significant components are derecognised when they are disposed of or no future economic benefit is expected from their use or sale. The gain or loss that arises upon derecognition of an asset (calculated as the difference between the carrying amount of the asset and the net consideration) is taken to the statement of profit or loss when the asset is derecognised.
The residual values, useful lives and depreciation methods for property, plant and equipment are revised at each reporting date and, where appropriate, adjusted prospectively.

RIGHTS OF USE OF THIRD-PARTY ASSETS

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset (or specific assets) and the arrangement conveys a right to use the asset (or assets). Such assessment is carried out on inception of the lease. Under IFRS 16, lease contracts are accounted for by recognising in the statement of financial position a lease liability of a financial nature representing the present value of future lease payments and recognising under assets the right of use of the leased asset. At the commencement date, the right of use is recognised at cost and includes: the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, any initial direct costs incurred to sign the contract and the present value of estimated costs to be incurred in dismantling or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received. Subsequently, the right of use is depreciated over the lease term (or the useful life of the asset, if shorter), subject to any impairment losses and adjusted for any remeasurements of the lease liability.
The incremental borrowing rate (IBR) used for discounting the financial debt is calculated as follows:

- using the interest rates indicated in the lease contracts, where present;
- the discount rate used to measure the value of the lease liabilities for the lease contracts with implicit interest rate takes account of the country risk, the currency, the term of the lease contract and the Group's credit risk.

IMPAIRMENT

Assets with an indefinite useful life, which are not amortised, are tested for impairment annually and whenever circumstances indicate that their carrying amount may be impaired, as defined by IAS 36.
Assets subject to depreciation are tested for impairment only in the event relevant impairment indicators are identified.
The recoverable amount of goodwill acquired and allocated during the year is assessed at the end of the period in which the acquisition and allocation occurred.
For the purposes of determining its recoverable amount, goodwill is allocated, at the acquisition date, to each CGU (or group of CGUs) benefiting from the acquisition.

Potential impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its price of sale less costs of disposal and its value in use, that is the present value of expected future cash flows, net of taxes, by applying a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment is initially accounted for by reducing the carrying amount of the goodwill allocated to the CGU (or group of CGUs) and only subsequently to the other assets in the unit, in proportion to their carrying amount, up to the recoverable amount of assets with finite useful lives. An impairment loss is recognised if the carrying amount exceeds the recoverable amount. When an impairment of an asset other than goodwill subsequently ceases to exist or decreases, the carrying amount of the asset or CGU is written up to the new estimated recoverable amount. The reversal cannot exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. The reversal is immediately recognised in the statement of profit or loss.

FINANCIAL ASSETS

INITIAL RECOGNITION AND MEASUREMENT

At initial recognition, financial assets are classified, on a case-by-case basis, in accordance with the subsequent measurement method, namely at amortised cost, at fair value through other comprehensive income (OCI), and at fair value through profit or loss.
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus transaction costs, in the case of a financial asset not at fair value through profit or loss.
Trade receivables are recognised at nominal value, which is substantially equal to the amortised cost.
A financial asset may be classified and measured at amortised cost or at fair value through OCI, if it generates cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.
Financial assets are not reclassified following their initial recognition, unless the Group changes its business model with regard to the management of said assets. In such case, all financial assets concerned are reclassified on the first day of the first next financial year following the business model change.
The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The entity's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.
Purchases or sales of financial assets that require delivery of assets within a time frame established by market regulation or practices (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchasing or selling the asset.

SUBSEQUENT MEASUREMENT

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

- financial assets at amortised cost (debt instruments);
- financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- financial assets at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- financial assets at fair value through profit or loss.

FINANCIAL ASSETS AT AMORTISED COST (DEBT INSTRUMENTS)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are tested for impairment. Gains and losses are recognised through profit or loss when the asset is derecognised, modified or impaired.
The Group's financial assets at amortised cost include trade receivables, a loan to an associate and a loan to a director included under other non-current financial assets.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI (DEBT INSTRUMENTS)

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets

and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange gains and losses and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.
The Group's debt instruments at fair value through OCI include investments in listed debt instruments classified among other non-current financial assets.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity instruments under IFRS 9 – *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.
Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recognised in other comprehensive income. Equity instruments designated at fair value through OCI are not tested for impairment.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This category includes financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, and financial assets required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised through profit or loss.
This category includes derivative instruments and listed equity investments that the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.
A derivative embedded in a non-derivative hybrid contract, in a financial liability or in a non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised through profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

DERECOGNITION OF A FINANCIAL ASSET

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired

or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without delay to a third party, and either (a) the Group has transferred substantially all the risks and rewards of the financial asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement whereby it retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.
Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

IMPAIRMENT OF FINANCIAL ASSETS

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.
A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.
With regard to trade receivables and contract assets, the Group applies a simplified approach for calculating ECLs. Therefore, instead of recognising the changes in credit risk, the Group recognises a write-down provision based on ECLs outstanding at each reporting date.
The provision consists of a specific and a generic component. The specific component is determined based on the following rules:

- bad and doubtful debts: write-down of 100%;
- past-due by more than 365 days: write-down of 100%;
- all FS clients with debts past-due by more than 180 days: write-down of 100%;
- all FS clients with mixed positions: write-down of 50% of debts past-due by more than 180 days;
- all past-due debts by more than 90 days not included in the previous categories: write-down of 25%;
- Coffee Shop miscellaneous and past-due debts: ad-hoc write-down;
- debts as indicated by the Credit Manager: ad-hoc write-down.

The generic component that does not fall in the above-mentioned categories is determined based on trade receivables, excluding intercompany balances. With regard to these exposures, the outstanding ECL is calculated on the basis of historical data.

FINANCIAL LIABILITIES

INITIAL RECOGNITION AND MEASUREMENT

Financial liabilities are classified, upon initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments.
All financial liabilities are recognised initially at fair value and, in the case of loans borrowings and payables, including directly attributable transaction costs.
The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

SUBSEQUENT MEASUREMENT

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

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.
Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing or transferring them in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Embedded derivatives that are separated from the host contract are also classified as held for trading unless they are designated as effective hedging instruments.
Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.
Financial liabilities are designated upon initial recognition at fair value through profit or loss only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability at fair value through profit or loss upon initial recognition.

LOANS AND BORROWINGS

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised or following the amortisation process.
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as a financial expense in the statement of profit or loss.
This category generally applies to interest-bearing loans and borrowings.

DERECOGNITION OF A FINANCIAL LIABILITY

A financial liability is derecognised when the obligation underlying the liability is discharged or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss for the year.

Financial assets and financial liabilities may be offset and the net amount reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

DERIVATIVES

INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively.
Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value.
Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.
For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment;
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objectives and strategy for undertaking the hedge.
Beginning 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).
The hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship;
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

FAIR VALUE HEDGES

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss among other expenses.
The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss among other expenses.
For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method.
The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.
If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.
When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative changes in the fair value of the firm commitment attributable to the hedged risk are recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

CASH FLOW HEDGES

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the *cash flow hedge* reserve, while any ineffective portion is recognised directly in the statement of profit or loss.
The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.
The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in planned transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices.
The ineffective portion relating to forward currency contracts is recognised among other expenses and the ineffective portion relating to forward commodity contracts is recognised in other operating income or expenses.
Beginning 1 January 2018, the Group designates only the spot element of forward contracts as a hedging instrument.
The forward element is recognised in OCI and accumulated in a separate component.
The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction.
For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

HEDGES OF A NET INVESTMENT IN A FOREIGN OPERATION

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges.
Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in OCI, while any gains or losses relating to the remaining (ineffective) portion are recognised in the statement of profit or loss.
On disposal of the foreign operation, the cumulative value of any such gains or losses is transferred to the statement of profit or loss.

INVENTORIES

Inventories are valued at the lower of cost and presumable realisable value.
Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- raw materials: purchase cost on a weighted mean cost basis;

- finished and semi-finished goods: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

The cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials.
The presumable net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.
Provisions for impairment are calculated for materials, finished products, replacement parts and other goods deemed obsolete or slow-moving, in light of their expected future use and realisable value.

CASH AND SHORT-TERM DEPOSITS

Cash and short-term deposits comprise cash and demand and short-term deposits with a maturity of three months or less, which are not subject to significant risks of changes in value.
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.
Cash and cash equivalents are recognised, depending on their nature, at nominal value or at amortised cost.

TREASURY SHARES

Treasury shares bought back are recognised at cost and deducted from equity.
No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.
Any difference between the carrying amount and the consideration, in the event of reissuance, is recognised as share premium.
The Directors' Single Report on Operations provides further information on this item.

PROVISIONS

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.
The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.
If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects, when appropriate, the risks specific to the liability.
When the liability is discounted, the increase in the provision due to the passage of time is recognised as a financial expense.

PROVISIONS FOR EMPLOYEE BENEFITS

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.
Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.
Remeasurements are not reclassified through profit or loss in subsequent periods.
Past service costs are recognised in profit or loss on the earlier of:

- the date of the plan amendment or curtailment

and

- the date that the Group recognises related restructuring costs.

Net interest of the net asset or liability for defined benefits must be calculated by applying the discount rate to the net defined benefit liability or asset.
The Group recognises the following changes in the net defined benefit obligation under cost of sales, administration expenses and selling and distribution expenses in the consolidated statement of profit or loss (by nature):

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements;

- net interest expense or income.

REVENUES

Revenues are generated by the Group's ordinary operations and include revenues from sales and the provision of services. Revenues are recognised net of VAT, returns and discounts.
Revenue from contracts with customers is recognised when control of the goods and services is transferred to the customer for an amount that reflects the consideration that the Group expects to receive in exchange for such goods or services. The Group has generally concluded that it acts as Principal for the agreements that give rise to revenue, since it usually controls the goods and services before they are transferred to the customer.
When determining the price of the transaction for the sale of goods, the Group considers the effects deriving from the presence of variable consideration, significant financing components and non-monetary considerations.
If the consideration promised in the contract includes a variable amount, such as the amount related to a right of return, the Group estimates the amount of the consideration to which it will be entitled in exchange for the transfer of goods to the customer. The process underlying the recognition of revenue follows the phases provided for by IFRS 15.
The transfer of control generally coincides with the shipment or delivery of the goods.
Service revenues are recognised in profit or loss when the services are completed, or on an ongoing basis to the extent that the services in question have been rendered during the year.

SALES OF MACHINES

Revenues from the sale of coffee machines are recognised when the significant risks and rewards associated with ownership of the goods are transferred to the buyer, when it is likely that the consideration will be recovered, the related costs or return, where applicable, may be reliably estimated and the management ceases to carry out the level of ongoing activity typically associated with ownership of the goods sold.
The transfer of the risks and rewards normally coincides with shipment to the client, which corresponds with the moment of delivery of the goods to the carrier.
When recognising revenues, the Group verifies whether there are conditions that represent separate services to which a share of the price of sale is to be attributed.
Accordingly, sales revenues include the effects of variable components, the existence of significant financial components, non-monetary consideration and any consideration due to the client.
The Group typically provides warranties for the repair of defects existing at the time of sale, in accordance with the law.

These standard quality warranties are accounted for in accordance with IAS 37 — Provisions, Contingent Liabilities and Contingent Assets, or in accordance with IFRS 15. In this regard, reference should be made to the Note on warranties.

GOVERNMENT GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.
When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.
When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.
When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss on a straight-line basis over the expected useful life of the asset.

DIVIDENDS

The Parent Company recognises a liability for a dividend payment when the distribution is appropriately authorised and is no longer at the discretion of the Company.
As per applicable European corporate laws, a distribution is authorised when it is approved by the shareholders.
A corresponding amount is recognised directly in equity.

INCOME TAXES

CURRENT TAXES

Current tax assets and liabilities for the year are measured at the amount expected to be recovered from or paid to the taxation authorities.
The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.
This calculation is therefore carried out using all the elements and information available at the reporting date, taking account of laws in force from time to time and also considering and including all the elements in the valuations that could give rise to uncertainties when determining the amounts payable to the taxation authorities, as provided for by IFRIC 23.
Income taxes are recognised in the consolidated statement of profit or loss, except for those relating to items debited or credited directly to an equity reserve; in these cases, the related tax effect is recognised directly in the respective equity reserves.

DEFERRED TAXES

Deferred taxes are given using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.
Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises 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 the accounting profit nor taxable profit or loss;
- when the reversal of taxable temporary differences, linked to investments in subsidiaries and associates, can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and sufficient taxable profit will be available so that the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on current tax rates, or approved tax rates, or rates that are substantively in force at the reporting date.
Deferred taxes relating to items recognised outside profit or loss are also recognised outside profit or loss, thus in equity or in OCI consistently with the underlying element.
Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at the acquisition date, are recognised subsequently if new information about facts and circumstances change.
The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period, or recognised in profit or loss if it was recognised subsequently.
The Group offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

PILLAR TWO MODEL

Lavazza Group is subject to the application of the Pillar Two Model rules published by the OECD (Organisation for Economic Co-operation and Development): these rules apply to multinational enterprises with turnover in excess of €750 million at the consolidated level and aim to ensure a minimum level of taxation in multinational groups.
According to the said rules, the Lavazza Group shall calculate its effective tax rate for each jurisdiction where it operates, and pay a top-up tax for the difference between its effective tax rate per jurisdiction and the 15% minimum rate.
The UPE (Ultimate Parent Entity) is the Italian company Finlav S.p.A. that will also submit the GloBE Information Return (GIR).
Based on the analyses performed, no indicators emerged providing for the payment of additional taxes.

6. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BY THE IASB

Pursuant to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the IFRS that entered into force on 1 January 2024 are summarised hereunder.
The Group did not opt for early application of any of the new standards, interpretations or amendments issued but not entered into force yet.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE AS AT 1 JANUARY 2024

The amendments are summarised here below:

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

Regulation (EU) No. 2023/2579 of 20 November 2023 has implemented some narrow-scope amendments to IFRS 16 to clarify that in a sale and leaseback transaction the seller-lessee shall recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The initial measurement of the lease liability arising from a sale and leaseback transaction is a consequence of how the seller-lessee measures the right-of-use asset and the gain or loss recognised at the date of the transaction.
Prior to these amendments, IFRS 16 did not contain any specific measurements/requirements governing lease liabilities that might include variable payments arising from a sale and leaseback transaction. When subsequently measuring a lease liability arising from a sale and leaseback transaction, the amendments require the seller-lessee to determine the "lease payments" or "revised lease payments" in such a manner that it does not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.
The adoption of these amendments did not impact the Consolidated Financial Statements at 31 December 2024.

Amendments to IAS 1 – Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

Regulation (EU) No. 2023/2822 of 19 December 2023 has implemented some amendments to IAS 1 to clarify that liabilities are classified as either current or non-current based on the rights in place at the end of the reporting period. In particular, the Regulation clarifies that:

- the classification of liabilities as current or non-current shall be based on the rights in place at the end of the reporting period, in addition to aligning the wording in all relevant paragraphs to refer to the "right" to defer settlement of a liability for at least twelve months and make it explicit that the classification of a liability shall be based exclusively on the rights in place "at the end of the reporting period". In other words, liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months after the reporting period;
- the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; in other words, management expectations do not affect classification; and
- "settlement" refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The adoption of these amendments did not impact the Consolidated Financial Statements at 31 December 2024.

Amendments to IAS 1 – Presentation of Financial Statements – Non-current Liabilities with Covenants

The same Regulation (EU) No 2023/2822, issued on 19 December 2023, has also implemented other narrow-scope amendments to IAS 1, clarifying that only covenants that an entity is required to comply with on or before the reporting date affect the classification of a liability as current or non-current. In other words, these amendments establish that, at the reporting date, for the purposes of classifying liabilities as current or non-current, the entity must not take into account covenants to be complied with in the future. The entity shall instead disclose information about these covenants in the notes to the financial statements. With these amendments, the IASB aims to help investors understand the risk that liabilities could become repayable earlier and has therefore improved the information provided on long-term liabilities.
The adoption of these amendments did not impact the Consolidated Financial Statements at 31 December 2024.

Amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures

On 15 May 2024, the Commission Regulation (EU) No. 2022/1317 was issued to implement several amendments to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial instruments – Disclosures. Amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including:

- terms and conditions;
- at the beginning and end of the reporting period:
  - the carrying amounts of financial liabilities that are part of a supplier finance arrangement and the line items in which those liabilities are presented;
  - the carrying amounts of financial liabilities and the line items for which the finance providers have already settled the corresponding trade payables;
  - the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of the arrangements in question;
- the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of the supplier finance arrangement, which prevent the carrying amounts of the financial liabilities from being comparable.

The amendments require an entity to aggregate information about its supplier finance arrangements. However, the entity must disaggregate information about unusual or unique terms and conditions of individual arrangements when they are dissimilar. Explanatory information about payment due dates, when those payment due date ranges are wide, must also be disaggregated. In the context of quantitative liquidity risk disclosures in IFRS 7, supplier finance arrangements are included as an example of other factors that might be relevant to disclose. The amendments provide some transition reliefs. For example, an entity is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in which the amendments first apply. Furthermore, the amendments clarify that entities are not required to provide disclosures according to the new requirements in any interim reporting period during the first annual reporting period in which those amendments apply.
The adoption of these amendments did not impact the Consolidated Financial Statements at 31 December 2024.

New accounting standards and interpretations issued by IASB but not yet applicable

As at the date of preparation of these Consolidated Financial Statements, the IASB had issued the following new Standards and Interpretations not yet in effect or not yet endorsed by the EU:

	APPLICATION MANDATORY AS OF
New Standards/Interpretations not yet endorsed by the EU	
Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	01/01/2026
Annual Improvements to IFRS Accounting Standards - Volume 11	01/01/2026
Renewable Energy Contracts: Amendments to IFRS 9 and IFRS 7	01/01/2026
IFRS 18 - Presentation and Disclosure in Financial Statements	01/01/2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	01/01/2027
New Standards/Interpretations endorsed by the EU	
Amedments to IAS 21 - The Effects of Changes in Foreign Exchange Rates	01/01/2025

Any impacts on the Consolidated Financial Statements of the application of these new Standards/Interpretations are currently under assessment.

7. ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Statements and related Notes requires management to make estimates and assumptions based also on subjective judgements, past experience and hypotheses considered reasonable and realistic in relation to the information known at the time of the estimate.
Such estimates have an effect on the reported amount of assets and liabilities and the amount of revenues and costs during the reporting period.
The key assessment procedures and assumptions concerning the future used by the management in the application of accounting processes and that can have significant effects on the items recognised in the Consolidated Financial Statements or for which there is a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are summarised below.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.
The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less costs of disposing of the asset.
The calculation of the value in use is based on a DCF model.

The estimate of future cash flows is based on plans approved by the Board of Directors having a horizon of at least five years and is founded on reasonable and sustainable assumptions, in keeping with the consistency between prospective and historic cash flows. In addition, cash flows do not include restructuring activities to which the Group has not yet committed or significant future investments that will increase the results of the assets making up the cash-generating unit being valued.

The recoverable amount is sensitive to the discount rate used for the DCF model, as well as to the expected future cash-inflows and the growth rate used for extrapolation purposes.
The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in paragraph 10.2.

TAXES

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

DEFINED BENEFIT PLANS

The cost of the defined benefit pension plans and other post-employment benefits and the present value of the defined benefit obligation are determined using actuarial valuations.
An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.
All assumptions are reviewed yearly.
The parameter most subject to change is the discount rate.
In determining the appropriate discount rate, the directors refer to the interest rate on corporate bonds denominated in currencies consistent with the currencies of the defined benefit obligations, rated AA or higher by internationally recognised rating agencies, with average maturities corresponding to the expected duration of the defined benefit obligations.
The obligations are further reviewed for quality and those having excessive credit spreads are excluded from the set of bonds used to calculate the discount rate, as they do not represent high quality corporate bonds. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes.
Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details, including a sensitivity analysis, are provided in paragraph 10.16.

FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model.
The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.
Estimates include considerations of inputs such as liquidity risk, credit risk and volatility.
Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.
Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of derivative and is thus a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor (see Notes 10.21 and 10.22 for details).

DEVELOPMENT COSTS

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone in its development plan, and that the product being developed is clearly identifiable and controllable.
In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, the discount rates to be applied and the expected period of benefits. In 2024, the carrying amount of capitalised development costs was €15 thousand, compared to €71 thousand for the previous year.

8. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the Parent Company.
The primary objective of the Group's capital management is to maximise the shareholder value.
The Group manages its capital structure and makes adjustments in light of changes in economic conditions.
To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

9. RECONCILIATION BETWEEN THE FINANCIAL STATEMENTS OF LUIGI LAVAZZA S.P.A. AND THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

	EQUITY ATTRIBUTABLE TO THE GROUP	PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE GROUP
Luigi Lavazza S.p.A. - separate financial statements based on Italian GAAP	**2,424,749**	**51,230**
IFRS / IAS adjustments Luigi Lavazza S.p.A.	148,298	18,721
Luigi Lavazza S.p.A. - based on IFRS/IAS	**2,573,047**	**69,951**
Difference between the carrying amount and the share of the book equity of investees	(263,455)	60,849
Elimination of dividends and results of equity investments	-	(37,787)
Difference from consolidation for acquisitions	349,805	-
Other consolidation adjustments including intercompany profit	14,178	(10,711)
TOTAL	**2,673,575**	**82,302**

- the effects of the IFRS/IAS adjustments of Luigi Lavazza S.p.A. mainly refer to the measurement of intangible assets, and in particular to the write-off of amortisation of assets that the international standards classify among those with indefinite useful lives;
- consolidation differences for acquisitions mainly refer to the positive differences between the consideration paid and net assets acquired following the acquisitions and business combinations and are chiefly recognised as goodwill in the Consolidated Financial Statements and not recognised in the financial statements of the individual subsidiaries;
- the other consolidation adjustments include the cancellation of intercompany profit, as well as other consolidation adjustments not recognised in the financial statements of the individual subsidiaries.

CONTENTS OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

10.1 GOODWILL

The following table shows the item "Goodwill" at 31 December 2024 and its change in the reporting year:

Balance at 31.12.2023	**1,188,639**
Exchange delta and other changes	36,173
Balance at 31.12.2024	**1,224,812**

The changes were mainly attributable to the exchange rate effects relating to the goodwill denominated in foreign currency, as well as to the consolidation differences arising from the acquisition of a 100% interest in Automaten Phönix G.m.b.H. (€0.6 million) and Avantages Café S.a.s. (€5.8 million) provisionally allocated to goodwill, in addition to the goodwill determined with the acquisition of Saveur Express'O S.a.s. (€7 million).
Moreover, the consolidation difference recognised in 2023 and arising from the acquisition of Stirlingshire Vending Limited (€1.5 million, adjusted in 2024 for a €178 thousand price adjustment) was definitively allocated to goodwill.

The following table provides the breakdown of goodwill by CGU

	31.12.2023	EXCHANGE RATES AND OTHER CHANGES	31.12.2024
CGU America	420,541	17,610	438,151
CGU France	642,490	13,043	655,533
CGU Italy	19,546	-	19,546
CGU Rest of Europe and Rest of world	106,062	5,520	111,582
Total	**1,188,639**	**36,173**	**1,224,812**

10.2 OTHER INTANGIBLE ASSETS

The following table shows the composition and movements of other intangible assets:

	BALANCE AT 31.12.2023	INCREASES	(DECREASES)	RECLASSIFICATIONS AND OTHER CHANGES	EXCHANGE DELTA	CONSOLIDATION AREA DELTA	BALANCE AT 31.12.2024
Development costs							
Gross value	24,469	15	-	269	(19)	108	24,842
(Write-down provision)	(636)	(113)	-	93	-	(85)	(741)
(Accumulated depreciation)	(17,356)	(2,258)	-	(93)	16	-	(19,691)
Net value	**6,477**	**(2,356)**	**-**	**269**	**(3)**	**23**	**4,410**
Rights for industrial patents and rights for exploitation of intellectual property							
Gross value	18,664	-	-	-	-	-	18,664
(Write-down provision)	-	-	-	-	-	-	-
(Accumulated depreciation)	(5,574)	(1,953)	-	-	-	-	(7,527)
Net value	**13,090**	**(1,953)**	**-**	**-**	**-**	**-**	**11,137**
Concessions, licenses and similar rights							
Gross value	194,414	176	-	(6,307)	306	73	188,662
(Write-down provision)	(33)	-	-	-	6	(24)	(51)
(Accumulated amortisation)	(88,619)	(9,198)	-	1,728	(312)	(20)	(96,421)
Net value	**105,762**	**(9,020)**	**-**	**(4,579)**	**-**	**29**	**92,190**
Trademarks							
Gross value	579,005	-	-	-	(1,265)	-	577,740
(Write-down provision)	(311,037)	-	-	-	-	-	(311,037)
(Accumulated amortisation)	(4,157)	(4,221)	-	-	-	-	(8,378)
Net value	**263,811**	**(4,221)**	**-**	**-**	**(1,265)**	**-**	**258,325**
Total other intangible assets							
Gross value	209,078	1,810	(907)	20,454	3,229	398	234,062
(Write-down provision)	(1,826)	(1)	1	-	(116)	-	(1,942)
(Accumulated amortisation)	(103,035)	(22,862)	88	(735)	(1,088)	(245)	(127,877)
Net value	**104,217**	**(21,053)**	**(818)**	**19,719**	**2,025**	**153**	**104,243**
Fixed assets in progress and advances							
Gross value	10,161	20,170	(5)	(14,910)	21	-	15,437
(Write-down provision)	-	(1,216)	1,216	-	-	-	-
Net value	**10,161**	**18,954**	**1,211**	**(14,910)**	**21**	**-**	**15,437**
Total intangible assets							
Gross value	1,035,791	22,171	(912)	(494)	2,272	579	1,059,407
(Write-down provision)	(313,532)	(1,330)	1,217	93	(110)	(109)	(313,771)
(Accumulated amortisation)	(218,741)	(40,492)	88	900	(1,384)	(265)	(259,894)
Net value	**503,518**	**(19,651)**	**393**	**499**	**778**	**205**	**485,742**

The changes for the year were chiefly due to the amortisation and capitalisation recognised in item "Fixed assets in process and advances"; these referred to advances on ongoing orders relating to new software with a duration of several years and to investments in research and development of new coffee machine models; the €15 million reclassification was mainly due to the IT costs associated with the development of software projects for long-term use, implemented in the year.

The increase of "Development costs" amounting to €15 thousand and the related €269 thousand reclassifications referred to the costs incurred for the study on new coffee machine models.

The increase in "other intangible assets" mainly referred to the capitalisation of software that was not developed following a contract and that therefore was not first recognised among fixed assets in process.

Write-downs of approximately €1.3 million were made in the year, mainly attributable to the discontinuation of certain R&D projects recognised among fixed assets in process. The write-down provision was subsequently used to cover the capitalised cost.

IMPAIRMENT TEST OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Goodwill and trademarks with indefinite useful lives acquired in business combinations (amounting to €1,225 million and €192 million, respectively) were allocated to the relevant cash generating units for impairment-testing purposes.
Four cash generating units (CGUs) have been identified for this purpose on a geographical basis: Italy, France, America, Rest of Europe and Rest of World, in accordance with management's business governance, which also reflects CGUs' geographical location.
The carrying amounts of the CGUs (coinciding with the value of net invested capital, excluding non-current financial assets chiefly consisting of investments in associates) were tested for recoverability by comparing them with their recoverable amounts, calculated as the net present value of the future cash flows that are estimated to derive from ongoing use of the assets concerned ("value in use"). At the end of the explicit forecast period represented by the cash flows based on the projected financial performance from 2025 up to 2029, a terminal value was estimated equal to the value of the cash flows at the end of the explicit period to reflect the value of the CGUs beyond the plan period on a going-concern basis.

The main assumptions adopted in determining the value in use are set out below broken down by CGU.

CGU	WACC	G RATE
Italy	7.55%	0.9%
France	6.66%	1.7%
America	6.88%	2.8%
Rest of Europe and Rest of the world	7.48%	1.9%

The discount rate was calculated as the average cost of capital (WACC) in Euro, according to a post-tax configuration, based on the weighted average cost of capital, calculated on the basis of the CAPM (*Capital Asset Pricing Model*) and the Group's borrowing costs.

As required by IAS 36, this rate was determined by reference to industry's operating risk level and the financial structure of a set of listed companies comparable to the Group in terms of risk profile and business sector.
The discount rate applied has been calculated to reflect the risk in the geographical areas in which the Group operates, taking the breakdown of EBITDA in the final year of the explicit forecast period (2029) as the WACC weighting factor for each geographical area.

In particular, the calculation takes account of the following elements:

- the risk-free rate: considering the country risk represented by CDSs for each area;
- the unlevered beta defined by geographical area;
- the market risk premium: market data.

The test carried out did not identify any need for impairment of the carrying amount, goodwill or other assets with indefinite life. The value in use of CGUs, calculated as described above, exceeded their carrying amount.
The Group also conducted various analyses of the sensitivity of the test results to changes in the underlying assumptions conditioning the value in use of the cash generating units (discount rate, WACC, g growth rate and long-term margins).

The elaboration of alternative scenarios that foresee a delay in the recovery, reflecting the current level of uncertainty about future economic prospects, also highlighted the presence of headroom for all the CGUs.

10.3 RIGHTS OF USE

Rights of use totalled €225,649 thousand, of which €225,469 referring to contracts for property, plant and equipment and €180 thousand to right-of-use intangible assets, namely right-of-use software.

The breakdown and movements of rights of use of intangible fixed assets are shown in the following tables:

	BALANCE AT 31.12.2023	INCREASES	(DECREASES)	RECLASSIFICATIONS AND OTHER CHANGES	EXCHANGE DELTA	CONSOLIDATION AREA DELTA	BALANCE AT 31.12.2024
Right-of-use Land and buildings							
Gross value	90,395	5,620	(870)	-	1,479	1,522	98,146
(Write-down provision)	-	-	-	-	-	-	-
(Accumulated depreciation)	(32,465)	(11,063)	860	-	(546)	-	(43,214)
Net value	**57,930**	**(5,443)**	**(10)**	**-**	**933**	**1,522**	**54,932**
Right-of-use Leased buildings							
Gross value	115,844	-	-	-	-	-	115,844
(Write-down provision)	-	-	-	-	-	-	-
(Accumulated depreciation)	(23,049)	(3,510)	-	-	-	-	(26,559)
Net value	**92,795**	**(3,510)**	**-**	**-**	**-**	**-**	**89,285**
Right-of-use Espresso machines and other commercial equipment							
Gross value	56,677	18,259	(31)	(5,029)	-	1,397	71,273
(Write-down provision)	-	-	-	-	-	-	-
(Accumulated depreciation)	(7,259)	(12,212)	31	3,352	-	-	(16,088)
Net value	**49,418**	**6,047**	**-**	**(1,677)**	**-**	**1,397**	**55,185**
Right-of-use Industrial and commercial equipment							
Gross value	7,420	1,211	(827)	-	13	-	7,817
(Write-down provision)	-	-	-	-	-	-	-
(Accumulated depreciation)	(2,829)	(1,249)	815	-	(10)	-	(3,273)
Net value	**4,591**	**(38)**	**(12)**	**-**	**3**	**-**	**4,544**
Right-of-use Furniture and fittings							
Gross value	155	7	(59)	-	-	-	103
(Write-down provision)	-	-	-	-	-	-	-
(Accumulated depreciation)	(126)	(28)	59	-	-	-	(95)
Net value	**29**	**(21)**	**-**	**-**	**-**	**-**	**8**
Right-of-use Means of transport							
Gross value	19,301	18,010	(7,360)	-	173	686	30,810
(Write-down provision)	-	-	-	-	-	-	-
(Accumulated depreciation)	(9,885)	(8,983)	7,114	-	(85)	-	(11,839)
Net value	**9,416**	**9,027**	**(246)**	**-**	**88**	**686**	**18,971**
Right-of-use Electronic machines							
Gross value	3,113	1,042	(228)	-	1	51	3,979
(Write-down provision)	-	-	-	-	-	-	-
(Accumulated depreciation)	(774)	(896)	226	-	-	-	(1,444)
Net value	**2,339**	**146**	**(2)**	**-**	**1**	**51**	**2,535**
Right-of-use Other assets							
Gross value	39	12	(23)	-	-	-	28
(Write-down provision)	-	-	-	-	-	-	-
(Accumulated depreciation)	(26)	(16)	23	-	-	-	(19)
Net value	**13**	**(4)**	**-**	**-**	**-**	**-**	**9**
Total right-of-use Property, plant and equipment							
Gross value	292,944	44,161	(9,398)	(5,029)	1,666	3,656	328,000
(Write-down provision)	-	-	-	-	-	-	-
(Accumulated depreciation)	(76,413)	(37,957)	9,128	3,352	(641)	-	(102,531)
Net value	**216,531**	**6,204**	**(270)**	**(1,677)**	**1,025**	**3,656**	**225,469**

The change in rights of use was chiefly driven by the following factors:

- acquisition of the companies Saveur Express'O S.a.s. and Avantages Café S.a.s, whose values related to rental of office properties and motor vehicles;
- increases of approximately €36 million referring to the MaxiCoffee Group, of which €18 million mainly attributable to the renewal of its car fleet contracts, which had not been included in the previous year as they had a residual term of less than one year at the time of acquisition, and €18 million relating to new finance lease contracts for coffee machines entered into by the MaxiCoffee Group for €18 million;
- increases in the value of the right of use properties for about €6 million, of which €5 million related to new contracts entered into by the MaxiCoffee Group in the year.

The decreases for the period chiefly related to properties and vehicles used by employees for which the operating lease contract expired in the year.

The net value of the reclassification of rights of use of espresso machine amounted to approximately €2 million and referred to the coffee machines redeemed by the MaxiCoffee Group and subject to finance leases. The value of these machines was reclassified in the related property, plant and equipment item.

Item "Rights-of-use leased buildings" included the finance lease of the Nuvola Headquarters, already recognised in accordance with IAS 17.

The effects associated with lease contracts falling within IFRS on the statement of profit or loss are shown in the following table:

	YEAR 2024	YEAR 2023
Amortisation and depreciation	(37,956)	(28,400)
Interest	(6,048)	(5,381)
Lease costs for short-term and modest value contracts	(8,864)	(7,938)

During the year, the Group recognised the payment of rights-of-use liabilities totalling €42 million, compared to €33 million for the previous year, chiefly as a result of the new contracts entered into in 2024.

It should be noted that the Group opted to apply the exemptions provided for in the Standard for lease contracts with a term equal or below 12 months and with no purchase options ("short-term leases") and for lease contracts whose underlying assets have a low value ("low value assets").

10.4 PROPERTY, PLANT AND EQUIPMENT

The breakdown and movements of property, plant and equipment are shown in the following table:

	BALANCE AT 31.12.2023	INCREASES	(DECREASES)	RECLASSIFICATIONS AND OTHER CHANGES	EXCHANGE DELTA	CONSOLIDATION AREA DELTA	BALANCE AT 31.12.2024
Land and buildings							
Gross value	229,225	502	(356)	1,806	2,427	16	233,620
(Write-down provision)	(9,237)	(6)	10	5	1	-	(9,227)
(Accumulated depreciation)	(85,872)	(5,042)	355	(14)	(967)	-	(91,540)
Net value	**134,116**	**(4,546)**	**9**	**1,797**	**1,461**	**16**	**132,853**
Plant and machinery							
Gross value	910,840	3,049	(51,790)	33,394	3,948	-	899,441
(Write-down provision)	(7,337)	(19)	8,412	(4,811)	(33)	-	(3,788)
(Accumulated depreciation)	(606,081)	(34,296)	42,896	(5)	(1,822)	-	(599,308)
Net value	**297,422**	**(31,266)**	**(482)**	**28,578**	**2,093**	**-**	**296,345**
Industrial and commercial equipment							
Gross value	88,906	2,068	(2,046)	2,872	2	389	92,191
(Write-down provision)	(3,671)	(110)	-	-	-	-	(3,781)
(Accumulated depreciation)	(75,890)	(2,387)	1,701	(2,138)	(2)	(445)	(79,161)
Net value	**9,345**	**(429)**	**(345)**	**734**	**-**	**(56)**	**9,249**
Espresso machines and other commercial equipment							
Gross value	472,166	64,937	(45,881)	4,822	7,464	1,139	504,647
(Write-down provision)	(1,632)	(1,072)	531	(668)	-	-	(2,841)
(Accumulated depreciation)	(338,912)	(54,883)	43,905	(3,419)	(4,241)	(824)	(358,374)
Net value	**131,622**	**8,982**	**(1,445)**	**735**	**3,223**	**315**	**143,432**
Furniture and fittings							
Gross value	49,561	800	(60)	(434)	559	194	50,620
(Write-down provision)	(19)	-	1	-	-	-	(18)
(Accumulated depreciation)	(36,316)	(3,344)	48	1,290	(378)	(172)	(38,872)
Net value	**13,226**	**(2,544)**	**(11)**	**856**	**181**	**22**	**11,730**
Means of transport							
Gross value	1,294	-	(120)	(98)	6	246	1,328
(Write-down provision)	-	-	-	-	-	-	-
(Accumulated depreciation)	(1,096)	(44)	83	98	(3)	(17)	(979)
Net value	**198**	**(44)**	**(37)**	**-**	**3**	**229**	**349**
Electronic machines							
Gross value	42,008	1,675	(1,362)	305	526	-	43,152
(Write-down provision)	-	-	-	-	-	-	-
(Accumulated depreciation)	(35,565)	(2,921)	1,319	33	(442)	-	(37,576)
Net value	**6,443**	**(1,246)**	**(43)**	**338**	**84**	**-**	**5,576**
Other assets							
Gross value	525	202	-	(276)	(6)	80	525
(Write-down provision)	-	-	-	-	-	-	-
(Accumulated depreciation)	(523)	(36)	-	275	6	(27)	(305)
Net value	**2**	**166**	**-**	**(1)**	**-**	**53**	**220**
Fixed assets in progress and advances							
Gross value	23,519	37,443	(363)	(37,750)	268	-	23,117
(Write-down provision)	(11)	-	-	-	2	-	(9)
Net value	**23,508**	**37,443**	**(363)**	**(37,750)**	**270**	**-**	**23,108**
Total property, plant and equipment							
Gross value	1,818,044	110,676	(101,978)	4,641	15,194	2,064	1,848,641
(Write-down provision)	(21,907)	(1,207)	8,954	(5,474)	(30)	-	(19,664)
(Accumulated depreciation)	(1,180,255)	(102,953)	90,307	(3,880)	(7,849)	(1,485)	(1,206,115)
Net value	**615,882**	**6,516**	**(2,717)**	**(4,713)**	**7,315**	**579**	**622,862**

The change in item "Property, plant and equipment" was mainly related to:

- purchase of coffee machines for €65 million (of which €21 million relating to Lavazza North America Inc, an investment to replace obsolete machines and support turnover growth);
- a €37 million increase in item "Fixed assets in progress and advances" relating to investments for adapting, upgrading and increasing the efficiency of the production lines and plants and machinery, chiefly at Luigi Lavazza S.p.A., as well as of the subsidiaries with production sites (Carte Noire Operation S.a.s, Lavazza Professional North America, Lavazza Professional UK).

The reclassifications item referred mainly to the entry into operation of property, plant, equipment and intangible assets relating to projects completed in the reporting year and regarding the new production lines and new industrial equipment. It also included the reclassification of rights-to-use espresso machines described in paragraph 10.3.

In addition, the impairment loss of €4.8 million on certain manufacturing plants relating to the Parent Company, recognised among provisions in the previous years, was reclassified to the provision for the write-down of plant and machinery. This provision was fully drawn down during the year to cover the losses arising from plant decomissioning.
The provision for the write-down of plant and machinery was also used as a result of further decomissioning relating to plants no longer operated by the Parent Company for approximately €2.3 million and by Lavazza Professional UK for approximately €1.3 million.

Both decomissioning and investments relating to industrial assets are aimed at modernising and innovating plants so as to ensure that production processes and finished products are in line with the Sustainable Development Goals 12 (Responsible Consumption and Production) and 13 (Climate Action) defined by the UN 2030 Agenda — both a priority for the Group's strategy.

Investments made during the year are illustrated in greater detail in the Single Report on Operations.

10.5 INVESTMENTS

Investments recognised in the Consolidated Financial Statements at 31 December 2024 were as follows:

	% HELD	31.12.2024	31.12.2023	CHANGES
Investments:				
a) Subsidiaries measured at cost				
Lavazza Maroc S.a.r.l.	100	1	1	-
Lavazza Trading (Shenzhen) Co.Ltd	100	1,000	1,000	-
Total subsidiaries measured at cost		**1,001**	**1,001**	
b) in Joint Ventures - associates measured at equity				
Y&L Coffee Ltd	35	38,621	42,555	(3,934)
Fresh and Honest Café Ltd	24	3,711	3,482	229
IVS Germany G.m.b.H	21	795	756	39
IVS Group SA	49	314,328	0	314,328
Total joint ventures - associates measured at equity		**357,455**	**46,793**	**310,662**
c) Associates measured at cost				
International Coffee Partners G.m.b.H.	20	25	25	-
Total associates measured at cost		**25**	**25**	
d) Other companies valued at FV				
Casa del Commercio e Turismo S.p.A.	3	6	6	-
Air Vallée S.p.A.	2	-	-	-
Tamburi Investment Partners S.p.A.	0	-	4,650	(4,650)
Clubitaly S.p.A.	6	6,815	6,815	-
Connect Ventures One LP	0	-	894	(894)
PRODIA S.a.s.	n.a.	27	5	22
DAREA	n.a.	9	9	-
Crédit Agricole Alpes Provence	n.a.	2	2	-
Volksbank cooperative shares	n.a.	1	-	1
Companies valued at FV through profit or loss		**6,860**	**12,381**	**(5,521)**
Total other companies valued at FV		**6,860**	**12,381**	**(5,521)**
Total		**365,341**	**60,200**	**305,141**

Investments mainly increased as a result of the acquisition of a 49% interest in IVS Group S.A. for an amount of €319 million. The equity investment was acquired at the beginning of October 2024 at the conclusion of the Tender Offer, and was adjusted to account for the portion of equity attributable to the acquiring company.
Further details on the said transaction are provided in the Single Report on Operations.

The interest in the Chinese associate Y&L Coffee Ltd., incorporated in 2020 to study and develop the Lavazza Coffee Shop concept in China, remained unchanged at 35%. The changes for the year were connected with the adjustment of the interest to the portion of equity attributable to the Group, recognising a profit of €5.2 million carried by the latter.

The interest in the company Fresh and Honest Café Ltd. was adjusted to account for the value of the portion of equity attributable to the Group (for the residual share of 24% still owned by the Group), recognising a profit of €118 thousand carried by the latter.

During the year, the company Ediwen G.m.b.H. changed its name into IVS Germany G.m.b.H. and increased its value as a result of a capital increase to which the Group contributed for approximately €300 thousand, partly offset by the adjustment to account for the value of the portion of equity attributable to the Group, recognising an operating loss of €261 thousand carried by the latter.

The investment held by Lavazza Capital S.r.l. in Tamburi Investment Partners was disposed of in the year, reporting a capital gain of approximately €240 thousand.
In 2024 the investment held by the Parent Company in Connect Ventures One LP was also disposed of, reporting a capital loss of approximately €423 thousand.

The Group received no dividends distributed by the above-mentioned investees.

The breakdown of investments in other companies is reported below:

OTHER INVESTMENTS VALUED AT FV THROUGH PROFIT OR LOSS

1 January 2023	**11,131**
Changes in consolidation area	16
Purchases	279
Total profit and losses recognised through Profit and Loss	955
31 December 2023	**12,381**
Changes in consolidation area	23
Disposals	(5,544)
31 December 2024	**6,860**

Notes 10.21 and 10.22 provide further information in this regard.

10.6 NON-CURRENT AND CURRENT FINANCIAL ASSETS

	31.12.2024	31.12.2023	CHANGES
Finance lease and other minor receivables	4,407	5,003	(596)
Financial trade receivables	15,665	15,445	220
Write-down provision for doubtful financial trade receivables	(2,525)	(3,609)	1,084
Total non-current financial receivables	**17,547**	**16,839**	**708**
Mutual funds and other non-current securities	2	86	(84)
Insurance policies	11	11	-
Derivatives and other hedging instruments	9,330	20,269	(10,939)
Non-current securities and non-current financial instruments	**9,343**	**20,366**	**(11,023)**
TOTAL NON-CURRENT FINANCIAL ASSETS	**26,890**	**37,205**	**(10,315)**

	31.12.2024	31.12.2023	CHANGES
Financial receivables from others	88,127	4,015	84,112
Financial trade receivables	17,687	18,317	(630)
Write-down provision for doubtful financial trade receivables	(4,185)	(4,386)	201
Financial receivables from companies controlled by Parent Companies	2,771	118,711	(115,940)
Total current financial receivables	**104,400**	**136,657**	**(32,257)**
Derivatives and other hedging financial instruments	9,088	598	8,490
Equity securities	-	31,322	(31,322)
Bonds	198,525	251,527	(53,002)
Certificates of deposit and other deposits >3 months	10	16,249	(16,239)
Mutual investment funds	-	1,900	(1,900)
Other current securities	9	9	-
Total current securities and current financial instruments	**207,632**	**301,605**	**(93,973)**
TOTAL CURRENT FINANCIAL ASSETS	**312,032**	**438,262**	**(126,230)**

FINANCIAL RECEIVABLES

Finance lease receivables amounted to €3.4 million overall and referred to an 18-year finance lease contract entered into with Cofincaf S.p.A. and regarding a building located in Turin historical centre.

Financial trade receivables, broken down by current and non-current, referred to loans granted to customers by the subsidiary Cofincaf S.p.A. and were tested to verify the recoverability of their value pursuant to IFRS 9. Based on the analyses carried out, Cofincaf S.p.A.'s trade receivables were adjusted for the relevant write-down provision to bring their value into line with the presumable realisable value, as reported below:

	PROVISION FOR THE WRITE-DOWN OF FINANCIAL TRADE RECEIVABLES
Balance at 31.12.2023	**(7,995)**
Provisions	-
Uses	1,285
Reclassifications	-
Exchange rate delta	-
Balance at 31.12.2024	**(6,710)**

The following table provides a breakdown of the provision by maturity:

DESCRIPTION	2024		2023	
	FINANCIAL RECEIVABLES	WRITE-DOWN PROVISION FOR EXPECTED FUTURE LOSSES	FINANCIAL RECEIVABLES	WRITE-DOWN PROVISION FOR EXPECTED FUTURE LOSSES
Not yet due	32,431	(6,496)	32,587	(7,742)
Less than 30 days	31	(5)	-	-
30-90 days	1	-	1	-
Within one year	186	(93)	204	(26)
Within five years	414	(18)	483	(21)
Over five years	289	(98)	487	(206)
Breakdown of receivables by maturity	**33,352**	**(6,710)**	**33,762**	**(7,995)**
Write-down	(6,710)		(7,995)	
Total	**26,642**		**25,767**	

In 2023, financial receivables from companies controlled by parent companies had included two loans for a total amount of €115 million granted in 2019 and in 2022 by the subsidiary Lavazza Capital S.r.l. to the company Torino 1895 Investimenti S.p.A., a fully owned subsidiary of Finlav S.p.A. These loans were extinguished in 2024 in service of the acquisition of the interest in IVS Group S.A. The remainder at 31 December 2024 refers to receivables attributable to the cash pooling with other subsidiaries of Finlav S.p.A., in particular with Lea S.r.l.

With the exception of the receivable arising from the property lease granted by Cofincaf S.p.A., all other non-current financial receivables are due in one to five years.

Current financial receivables from others at year-end refer primarily to cash and cash equivalents given by Lavazza Capital S.r.l. to Azimut SGR under the asset management mandate in place for €37 million and to term deposits relating to Lavazza Capital S.r.l. for €50 million.

FINANCIAL SECURITIES AND HEDGING FINANCIAL INSTRUMENTS

Securities classified as non-current financial assets had been largely settled in the previous year, while the remaining value mainly referred to insurance policies contracted by the subsidiary Nims S.p.A.
Securities classified as current financial assets related to ordinary bonds listed on regulated markets and held by the subsidiary Lavazza Capital S.r.l.
Derivatives and other hedging instruments referred to the open positions in hedging derivatives at their fair value 31 December 2024.
Notes 10.21 and 10.22 provide further information in this regard.

10.7 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities amounted to €78,017 thousand and €128,478 thousand, respectively, at 31 December 2024. Note 11.10 on income taxes provides further details in this regard.

10.8 OTHER NON-CURRENT AND CURRENT ASSETS

	31.12.2024	31.12.2023	CHANGES
Guarantee deposits	4,453	4,541	(88)
Other non-current receivables	533	706	(173)
TOTAL OTHER NON-CURRENT ASSETS	**4,986**	**5,247**	**(261)**
Tax receivables	30,844	29,614	1,230
Advances to suppliers	11,538	2,332	9,206
Prepayments and accrued income	40,725	37,527	3,198
Other receivables	1,868	7,233	(5,365)
TOTAL OTHER CURRENT ASSETS	**84,975**	**76,706**	**8,269**

Tax receivables amounted to €30.8 million and mainly related to VAT receivables claimed by the Parent Company and other Group companies.

They also included tax receivables claimed by the Parent Company for Research and Development - Technological Innovation and Green IT (Law No. 160/2019, Law No. 178/2020 and Law No. 178/2021) totalling €1,697 thousand, for the purchase of new 4.0 capital goods (€4,179 thousand) and other tax receivables as reported below:

- €998 thousand for the Art bonus Decree Law 83/14 *et seqq.*;
- €200 thousand for the 2020 advertising bonus Decree Law 50/217 *et seqq.*;
- €120 thousand for credit for investments in ordinary capital goods Law 160/2019;
- €73 thousand for minor credits.

Advances to suppliers amounting to €11.5 million mainly related to payments made by the Parent Company to green coffee suppliers and advertising activities.
Item "Prepayments and accrued income" primarily refers to accrued income relating to commissions to agents of the subsidiary Nims S.p.A. (about €26 million) and the portion not accrued during the year of advance payments made to customers in the Food Service sector for the sponsorship of Lavazza products in the points of sale. Such costs will be recognised through profit or loss on an accrual basis over the term of the contract.

10.9 INVENTORIES

	31.12.2024	31.12.2023	CHANGES
Raw materials, ancillaries and consumables (gross value)	308,631	241,887	66,744
Write-down provision for raw materials, ancillaries and consumables	(2,881)	(3,705)	824
Raw materials, ancillaries and consumables (net value)	**305,750**	**238,182**	**67,568**
Work in progress (gross value)	9,614	9,835	(221)
Write-down provision for work in progress	(1,154)	(1,455)	301
Work in progress (net value)	**8,460**	**8,380**	**80**
Finished products and goods (gross value)	326,635	337,600	(10,965)
Write-down provision for finished products and goods	(28,108)	(23,123)	(4,985)
Finished products and goods (net value)	**298,527**	**314,477**	**(15,950)**
Advances	**433**	**561**	**(128)**
TOTAL	**613,170**	**561,600**	**51,570**

The value of inventories increased by €51.6 million compared to the previous year. This change was mainly attributable to the green coffee component. The increase of raw materials purchasing price impacted the value of inventories at 31 December 2024, despite an overall reduction of the volumes stocked.

As illustrated in greater detail in the Single Report on Operations, in the section dedicated to commodity risk management, coffee reported a new historic high for Robusta and the highest value since 1977 for Arabica.
Robusta, which had reported a strong uptrend in 2023, began the year with a price of 3,010 $/tonne, reaching its historic high on the first exchange position at 5,722 $/tonne on 18 September to then close the year at 5,019 $/tonne (+66%).
Arabica followed Robusta's trend until early November, although with less marked oscillations, but exceeding the first exchange position by 335.65 $cts/lb, a record high dating back to April 1977. At 31 December 2024, the price returned to 319.75 $cts/lb, increasing by +68% compared to the beginning of the year.

At 31 December 2024, inventories were shown net of the write-down provision amounting to €32 million, slightly increasing compared to the previous year (€28 million), chiefly due to the finished products and goods component which, in addition to coffee, also includes coffee machines, advertising material, and plant spares.

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The inventory write-down provision is set aside for obsolete and slow-moving materials, with particular reference to coffee machines and related spare parts, advertising material, plant spares and packaging.

10.10 TRADE RECEIVABLES

The following table provides a breakdown of the Group's trade receivables at 31 December 2024 and at 31 December 2023:

	31.12.2024	31.12.2023	CHANGES
Trade receivables <12 months	351,227	324,642	26,585
Provision for write-down of receivables	(16,136)	(16,792)	656
Total trade receivables	**335,091**	**307,850**	**27,241**

Trade receivables are recognised net of deferred premiums and discounts to be settled. The increase in the year was mainly attributable to the rise in the Group's turnover.

The following table provides the breakdown of receivables by ageing and the related write-down provision for the years 2024 and 2023:

DESCRIPTION	2024		2023	
	TRADE RECEIVABLES	WRITE-DOWN PROVISION FOR EXPECTED FUTURE LOSSES	TRADE RECEIVABLES	WRITE-DOWN PROVISION FOR EXPECTED FUTURE LOSSES
Not yet due	301,812	(7,733)	279,975	(5,662)
Less than 30 days	38,410	(344)	28,258	(671)
30-90 days	2,599	(563)	5,376	(438)
Within one year	4,057	(3,147)	6,343	(5,331)
Within five years	3,555	(3,555)	3,962	(3,962)
Over five years	794	(794)	728	(728)
Breakdown of receivables by maturity	**351,227**	**(16,136)**	**324,642**	**(16,792)**
Write-down	(16,136)		(16,792)	
Total	**335,091**		**307,850**	

Trade receivables do not bear interest, have an average maturity of 30 to 60 days and are tested for recoverability of their value pursuant to IFRS 9. On the basis of the analyses carried out, trade receivables were adjusted for the relevant write-down provision to bring their value into line with the presumable realisable value.

Movements in the relevant provisions are reported in the following table:

	PROVISION FOR WRITE-DOWN OF RECEIVABLES, CURRENT
31.12.2023	**(16,792)**
Provision for the year	(7,363)
Uses	8,213
Release to income	-
Adjustment for amounts in foreign currency	(133)
Change in consolidation area and other changes	(61)
31.12.2024	**(16,136)**

The provision for the write-down of receivables, defined as per IFRS 9, included a provision of €7.4 million and uses amounting to €8.2 million.

10.11 CURRENT TAX RECEIVABLES

Current tax receivables amounted to €49.7 million and included receivables from parent companies of €35.7 million, mainly relating to the Parent Company, and tax receivables for other income taxes totalling €14 million.
Receivables from the parent companies consisted of receivables claimed from Finlav S.p.A. mainly by the Parent Company and ESC Italia S.r.l. as part of the national tax consolidation programme.

Other tax receivables for income taxes referred to receivables claimed by Group companies not participating in the Group's national tax consolidation programme and to tax receivables acquired by the Parent Company as part of a framework agreement with a financial institution, pursuant to Article 121 of Decree Law 34/2020, offset by tax payables at the beginning of 2025.

10.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at 31 December 2024 and at 31 December 2023 were broken down as follows:

	31.12.2024	31.12.2023
Bank and post office deposits	179,440	163,076
Bank deposits in foreign currencies	16,865	33,435
Cash and valuables on hand	3,336	3,474
TOTAL CASH AND CASH EQUIVALENTS	**199,641**	**199,985**

Cash and cash equivalents consisted of cash at bank and post-office accounts, term deposits with maturity under 3 months, as well as cash on hand and cheques held by logistic hubs, outside contractors and sales areas.
Foreign currency accounts amounted to approximately €17 million, chiefly in Dollars, were held by the Parent Company and regarded market purchases and collections of receivables from foreign customers located in countries outside the Eurozone. These accounts are generally used to cover payments for the supply of green coffee and for promotional activities in foreign markets.

10.13 SHARE CAPITAL AND RESERVES

SHARE CAPITAL

At 31 December 2024, fully subscribed and paid-up share capital consisted of 25,090,000 ordinary shares, with a nominal value of €1 each. Share capital remained unchanged compared to the previous year.

TREASURY SHARES

Treasury shares in portfolio amounted to 2,499,998 ordinary shares, with a nominal value of €1 each, accounting for approximately 10% of share capital. No other Lavazza Group company owns Luigi Lavazza S.p.A. shares.

OTHER CAPITAL RESERVES

This item mainly includes the other reserves recognised in the Financial Statements of the Parent Company that at 31 December 2024 were broken down as follows:

	31.12.2024	31.12.2023	CHANGES
Re. Law 576/75 *	28	28	-
Re. Law 72/83 **	268	268	-
Re. Law 408/90	25,096	25,096	-
Re. Law 413/91	5,681	5,681	-
Re. Law 342/2000 ***	103,048	103,048	-
Re. Law 448/2001	5,100	5,100	-
Re. Law 350/2003 ****	93,900	93,900	-
Re. Law 266/2005	70,400	70,400	-
Re. Law 185/2008	58,200	58,200	-
Total revaluation reserves	**361,721**	**361,721**	**-**
Legal reserve	5,018	5,018	-
Extraordinary reserve	211,519	211,519	-
Merger surplus reserve	56,953	56,953	-
Reserve Re. Law 46/1982	91	91	-
Reserves Re. Law 488/1992	381	381	-
Other reserves	478	478	-
Other reserves	**274,440**	**274,440**	**-**
TOTAL	**636,161**	**636,161**	**-**

* Due to the merger of Luca S.r.l.
** Due to the merger of Manifattura Rosy S.r.l. (€198,836) and Luca S.r.l. (€68,682).
*** Due to the merger of Mokapak S.r.l. (€5,111,146).
**** Due to the merger of Mokadec S.r.l. (€2,729,700) and Mokapak S.r.l. (€8,813,610).

No allocations were made to revaluation reserves and other reserves pending taxes, since to date they are not expected to be paid out.

OTHER COMPREHENSIVE INCOME COMPONENTS ATTRIBUTABLE TO THE PARENT COMPANY'S SHAREHOLDERS, NET OF TAXES

Other components of comprehensive income at 31 December 2023 and 31 December 2024 were as follows:

CHANGES AT 31 DECEMBER 2023	(LOSS)/GAIN FROM HEDGING DERIVATIVES (CASH FLOW HEDGE)	(LOSS)/GAIN FROM SECURITIES	TRANSLATION DIFFERENCES OF FOREIGN FINANCIAL STATEMENTS	(LOSS)/GAIN FROM REVALUATION OF DEFINED BENEFIT PLANS	TOTAL
Gain/(Loss) from the translation of financial statements denominated in currencies other than the Euro	-	-	(20,750)	-	(20,750)
Derivatives to hedge exchange-rate risk	4,559	-	-	-	4,559
Derivatives to hedge commodity risk	11,198	-	-	-	11,198
Interest rate swaps	(10,528)	-	-	-	(10,528)
Actuarial changes on pension plans	-	-	-	(5,158)	(5,158)
Total	**5,229**	**-**	**(20,750)**	**(5,158)**	**(20,679)**

CHANGES AT 31 DECEMBER 2024	(LOSS)/GAIN FROM HEDGING DERIVATIVES (CASH FLOW HEDGE)	(LOSS)/GAIN FROM SECURITIES	TRANSLATION DIFFERENCES OF FOREIGN FINANCIAL STATEMENTS	(LOSS)/GAIN FROM REVALUATION OF DEFINED BENEFIT PLANS	TOTAL
Gain/(Loss) from the translation of financial statements denominated in currencies other than the Euro	-	-	32,945	-	32,945
Derivatives to hedge exchange-rate risk	9,164	-	-	-	9,164
Derivatives to hedge commodity risk	57	-	-	-	57
Interest rate swaps	(8,216)	-	-	-	(8,216)
Actuarial changes on pension plans	-	-	-	1,224	1,224
Total	**1,005**	**-**	**32,945**	**1,224**	**35,174**

The gain from derivative instruments arising from the €9 million increase in the cash flow hedge reserve was due both to the effect of green coffee price risk hedging strategies, whose economic impacts were deferred to 2025 (in conjunction with the accounting recognition of the supplies hedged) due to the application of hedge accounting, and to the foreign exchange derivative portfolio (due in particular to the performance of the US Dollar against the Euro).
The loss attributable to the decline in the reserve was instead due to the effect of interest rate risk hedging (interest rate swaps), as a result of the dynamics of market interest rates.
As may be seen from the balance of the cash flow hedge reserve, shown in the consolidated statement of changes in equity, €8 million in minor hedging costs were suspended at 31 December 2024; they will be reversed in 2025, with a positive impact on the statement of profit or loss.

DISTRIBUTIONS MADE AND PROPOSED

During the year, the Parent Company distributed ordinary dividends in the amount of €27,108 thousand.
Proposed dividends on ordinary shares are subject to approval by the annual Shareholders' Meeting.

10.14 FINANCIAL LIABILITIES, NON-CURRENT AND CURRENT

	31.12.2024	31.12.2023	CHANGES
Bank loans	488,929	616,811	(127,882)
Lease liabilities	-	-	-
Payables for options on the purchase of investments	1,463	1,202	261
Derivatives and other hedging instruments	843	29	814
Withholdings as guarantees for purchases of investments	-	-	-
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**491,235**	**618,042**	**(126,807)**

	31.12.2024	31.12.2023	CHANGES
Other short-term bank payables	26,779	29,270	(2,491)
Bank loans (current portion)	336,674	124,563	212,111
Payables to other lenders	266	-	266
Derivatives and other hedging instruments	590	8,024	(7,434)
Other liabilities	77	56	21
TOTAL CURRENT FINANCIAL LIABILITIES	**364,386**	**161,913**	**202,473**

Bank loans included 2 corporate financing contracts totalling €595.3 million, of which €126.2 million falling due within one year. Specifically:

- €244.1 million relating to a contract falling within the sustainability-linked loan category, entered into by the Parent Company with a pool of four leading banking institutions in July 2021 and for which the Company decided to adopt a strategy to hedge its foreign exchange rate fluctuations through an interest rate swap contract. The start of the capital repayment period had been set in 2024, while the loan is scheduled to expire in 2026. The financing transaction has been linked to sustainability targets, which are monitored and measured annually and which allow for reductions in the interest rate pricing;
- €351.2 million relating to a contract falling within the sustainability-linked loan category, entered into by the Parent Company with a pool of five leading banking institutions in February 2023. The start of the capital repayment period has been set in 2026, while the loan is scheduled to expire in 2028. The financing transaction has been linked to sustainability targets, which are monitored and measured annually and which allow for reductions in the interest rate pricing.

The following are in addition to the above financing contracts:

- a revolving credit facility contract linked to the above-mentioned 2021-2026 loan, of which the portion requested by the Parent Company and in place at 31 December 2024 amounted to €200.2 million, fully repayable in the following year; similarly, another credit line of €250 million linked to the 2023-2028 corporate financing contract was available at 31 December 2024;
- several fixed-rate bank loans entered into by the MaxiCoffee Group companies in the amount of €29 million (of which €10 million repayable in the following year).

In addition to the above-mentioned credit lines, the Parent Company has other uncommitted credit lines to manage any overdrafts on current accounts or to use short-term hot money loans.

Bank loans (current and non-current) recorded a positive change of €84 million in the year, of which €93 million referring to the Parent Company and attributable to the withdrawals from and repayment of short-term revolving credit facilities, net of the repayment of the first instalment of the corporate loan entered into in 2021 for €60 million, in addition to the €9 million partial repayment of bank loans taken out by the MaxiCoffee Group companies.

In October 2024, benefiting from falling euro swap rates, it was decided to fully convert the €351.2 million loan taken out in 2023 to a fixed rate, using an interest rate swap.

Other short-term bank payables amounting to €27 million mainly referred to the subsidiary Cofincaf S.p.A. Payables for options on the purchase of investments related to the put and call option on the purchase of the minority interests of the MaxiCoffee Group, representing the Lavazza Group's right to purchase the 0.71% stake held by third parties. The adjustment to fair value of the option during the year entailed a revaluation of the same by approximately €300 thousand.

The outstanding loans are not subject to any covenants.

Financial liabilities due beyond one year are broken down as follows:

DESCRIPTION	NON-CURRENT FINANCIAL LIABILITIES	MATURITY 2026	MATURITY 2027	MATURITY 2028	MATURITY 2029	BEYOND
Bank loans	489	163	213	106	2	5
Total	**489**	**163**	**213**	**106**	**2**	**5**

Notes 10.21 and 10.22 provide further information on financial liabilities.

10.15 RIGHT-OF-USE LIABILITIES, NON-CURRENT AND CURRENT

Non-current right-of-use liabilities amounted to €152 million, whereas current right-of-use liabilities were €41 million, of which €4.8 million referring to the lease agreement for the Nuvola Headquarters.

Right-of-use liabilities due beyond one year were broken down as follows:

DESCRIPTION	NON-CURRENT LIABILITIES	MATURITY 2026	MATURITY 2027	MATURITY 2028	MATURITY 2029	BEYOND
Lease liabilities for the Nuvola HQ	53	5	5	5	5	33
Other right-of-use liabilities	99	28	23	16	9	23
Total	**152**	**33**	**28**	**21**	**14**	**56**

10.16 PROVISIONS FOR EMPLOYEE BENEFITS

	SEVERANCE INDEMNITIES	PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS	TOTAL PROVISIONS FOR EMPLOYEE BENEFITS
Balance at 31.12.2024	**23,634**	**47,085**	**70,719**
Increases	2,212	2,709	4,921
Uses/Adjustments	(2,155)	(3,488)	(5,643)
Balance at 31.12.2024	**23,691**	**46,306**	**69,997**

Provisions for employee benefits remained overall in line with the previous year.

Severance indemnities include employee termination indemnities for the Group´s employees, pursuant to Article 2120 of the Italian Civil Code, which fall within the scope of application of IAS 19, and other similar employee provisions of foreign subsidiaries.
Employee termination indemnities accrued up to 31 December 2006 remained with the Company; employee termination indemnities accrued from 1 January 2007, at the employee's discretion, have been allocated to supplementary pension schemes or kept with the Company, which has transferred the indemnities to the Treasury Fund established by the INPS. Accordingly, the employee termination indemnities accrued since 1 January 2007 are classified as defined benefit plans. Since the Group fulfils its obligation by paying contributions to a separate entity (a fund), without additional obligations, the entity recognises the contributions to the fund on an accrual basis, corresponding to the employment services rendered by the employees, without performing any actuarial calculations. Since on the reporting date the Group had already paid the contributions in question, no liabilities were recognised. On the other hand, employee termination indemnities accrued up to 31 December 2006 continued to be classified as defined-benefit plans, maintaining the actuarial measurement criteria, in order to express the present value of the benefit due upon severance, accrued to the employees at 31 December 2006. Provisions for pensions and similar obligations primarily referred to Lavazza Professional Germany G.m.b.H.

The following tables present a summary of the net cost components of the benefits taken to the statement of profit or loss and the statement of comprehensive income in 2024 in connection with employee termination indemnities and similar items.

LIABILITIES (ASSETS) AT 1 JANUARY 2024	23,634
Amounts included in the statement of profit or loss:	
Current service costs	792
Net interest	856
Other services	12
Total	**1,660**
Amounts included in the statement of comprehensive income:	
Gain/(Losses) from changes in actuarial assumption	90
Total	**90**
Other movements:	
Benefits paid	(1,353)
Benefits transferred	-
Curtailment	(156)
Exchange rate delta and change in consolidation scope	(184)
Total	**(1,693)**
Liabilities (assets) at 31 December 2024	**23,691**

The main assumptions adopted in determining the obligations arising from the employee termination indemnities of the Italian companies are set out below.

EMPLOYEE TERMINATION INDEMNITIES ASSUMPTIONS	2024
Discount rate	AA euro composite curve at 31 December 2024
Personnel turnover rate	1.5 % - 4%
Expected inflation rate	1.8% up to 2027; 1.9% in 2028; 2.0% as of 2029

The following is a summary of the quantitative sensitivity analysis for the significant assumptions adopted at 31 December 2024.

DESCRIPTION	CHANGE INVESTIGATED	IMPACT OF INCREASE	IMPACT OF DECREASE
Discount rate	23,691	22,193	24,773
Personnel turnover rate	23,691	23,790	23,537
Expected inflation rate	23,691	23,897	23,491

The sensitivity analyses set out above were conducted on the basis of a method for extrapolating the impact on the obligation of reasonable changes in the key assumptions in place on the reporting date.

EXPECTED FUTURE PAYMENTS	2024
Within 12 months	2,755
From 1 to 4 years	6,595
Beyond 4 years	55,279
Total	**64,629**

The expected cash flows for future payments under the plan are not so material to have a significant impact on the Group's financial position and cash flow situation.
The main assumptions adopted in determining the obligations arising from pension funds and similar obligations were essentially due to Lavazza Professional Germany G.m.b.H.:

ASSUMPTIONS FOR PENSIONS AND SIMILAR OBLIGATIONS	2024
Interest rate	3.56%
Salary growth rate	2.25%
Expected inflation rate	2.40%
Expected mortality rate	RT 2018G

ASSUMPTIONS FOR PENSIONS AND SIMILAR OBLIGATIONS	CHANGE INVESTIGATED	IMPACT OF INCREASE	IMPACT OF DECREASE
Interest rate	42,428	39,372	45,432
Salary growth rate	42,428	42,463	42,024
Expected inflation rate	42,428	44,164	40,472
Expected mortality rate	42,428	43,228	41,335

10.17 PROVISIONS, NON-CURRENT AND CURRENT

The following table provides information on the movements of provisions at 31 December 2024:

	31.12.2023	PROVISIONS	DECREASE	RECLASSIFICATION	EXCHANGE RATE DELTA	31.12.2024
Provision for litigations	19,688	2,163	(3,407)	-	(32)	18,412
Provision for agents' customer compensation	2,548	766	(433)	-	-	2,881
Provision for product warranty	8,964	62	(1,310)	-	21	7,737
Other provisions - liabilities	53,508	30,822	(4,677)	(4,811)	121	74,963
Provisions for future risks and charges (non current)	**84,708**	**33,813**	**(9,827)**	**(4,811)**	**110**	**103,993**
Provisions for bonuses and employee benefits to be paid	26,274	30,097	(25,689)	-	284	30,966
Other provisions	15,968	8,941	(4,051)	(780)	-	20,078
Provisions (current)	**42,242**	**39,038**	**(29,740)**	**(780)**	**284**	**51,044**

The provision for litigation was recognised to account for risks relating to legal or contractual obligations associated with situations that already existed at the reporting date, but that were characterised by a state of uncertainty and the outcome of which depends on the occurrence of one or more future events. During the year, the provision was increased to cover potential litigation risks with customers and distributors; the utilisation referred instead to the netting of legal and settlement agreement expenses incurred in the year, but related to disputes arising in previous years.
The provision for supplementary agents' customer compensation, created exclusively for agents in the event of retirement or interruption of contract due to principal, was also adjusted.
Provision for product warranty referred to future contingencies mainly of the Parent Company and of Nims S.p.A. attributable to coffee machine warranties and returns. It was used to cover the costs incurred in the year.

Other non-current provisions for future risks and charges amounted to €75 million. Their changes were chiefly determined by the adjustment of the pre-existing provisions and mainly included:

- provisions for industrial production conversion projects aimed at obtaining sustainable packaging. The Group is committed to ensuring high product quality standards, in compliance with the fundamental requirements of environmental directives and of new technologies, adopting processes and raw materials with a low environmental impact to reduce waste production;
- provisions for personnel costs, allocated by the Parent Company for medium/long-term bonuses and incentives for employees;
- provisions for charges relating to company reorganisation.

Part of the other non-current provisions was reclassified, for €4.8 million, to the provision for the write-down of plant and machinery in connection with the impairment of various plant relating to the Parent Company, recognised among provisions in the previous years.

Current provisions includes personnel costs relating to accruals and uses for employee bonuses and incentives to be paid in the following year and the portion of other provisions for non-current future risks and charges, which are expected to be used in the short term.

10.18 CURRENT TAX PAYABLES

Current tax payables amounted to €7.5 million and included tax payables to the parent company and other income tax payables. Payables to the parent company, amounting to €4.7 million, refer to payables claimed from the parent company, Finlav S.p.A., for IRES (corporate income tax) purposes by Group companies participating in the national tax consolidation programme.

10.19 TRADE PAYABLES

The item amounted to €416 million and included payables for the supply of raw materials and services due within one year.

10.20 OTHER NON-CURRENT AND CURRENT LIABILITIES

	31.12.2024	31.12.2023	CHANGES
OTHER NON-CURRENT LIABILITIES	**105**	**113**	**(8)**
VAT payables	8,006	6,374	1,632
Withholdings to be paid as withholding agents	6,067	5,474	593
Other miscellaneous tax payables <12	8,275	8,284	(9)
Total other current tax payables	**22,348**	**20,132**	**2,216**
Advances	35,527	32,869	2,658
Payables to social security institutions <12	16,411	17,017	(606)
Payables to personnel	35,226	33,576	1,650
Payables to shareholders and bondholders	609	901	(292)
Other payables to third parties	1,731	6,478	(4,747)
Total other current payables	**89,504**	**90,841**	**(1,337)**
14th month salary and holiday leave	4,560	4,326	234
Other operating accrued expenses	347	103	244
Total accruals	**4,907**	**4,429**	**478**
Deferred lease liabilities	201	240	(39)
Other deferred income	11,189	10,134	1,055
Total deferred income	**11,390**	**10,374**	**1,016**
OTHER CURRENT LIABILITIES	**128,149**	**125,776**	**2,373**

There were no significant changes compared with the previous year.

The most significant amounts related to advances and payables to personnel.

Advances refer primarily to security deposits and advance payments received from the subsidiary Nims S.p.A. upon the signing of the supply/sale contract by the end client.

10.21 FINANCIAL INSTRUMENTS - ADDITIONAL INFORMATION

The carrying amounts of the individual categories of financial assets and liabilities held by the Group at 31 December 2024 and 31 December 2023, revised according to the classification rules set out in IFRS 7 – Financial Instruments: Disclosure, are presented below.

	MEASUREMENT AT AMORTISED COST		MEASUREMENT AT FV THROUGH PROFIT OR LOSS		MEASUREMENT AT FV THROUGH OCI	
	2024	2023	2024	2023	2024	2023
Operating assets						
Cash and cash equivalents	199,641	199,985	-	-	-	-
Trade receivables	335,091	307,850	-	-	-	-
Other current assets (excluding tax receivables)	54,131	47,092	-	-	-	-
Other non-current assets (excluding tax receivables)	4,986	5,247	-	-	-	-
Non-current financial assets						
Financial receivables	17,547	16,839	-	-	-	-
Mutual funds	-	-	2	86	-	-
Insurance policies	-	-	11	11	-	-
Derivatives and other hedging instruments	-	-	-	-	9,330	20,269
Current financial assets						
Financial receivables	104,400	136,657	-	-	-	-
Derivatives and other hedging financial instruments	-	-	-	-	9,088	598
Equity securities	-	-	-	31,322	-	-
Bonds	-	-	198,525	251,527	-	-
Certificates of deposit and other deposits >3 months	10	16,249	-	-	-	-
Mutual investment funds	-	-	-	1,900	-	-
Other current securities	-	-	9	9	-	-
Investments in other companies	-	-	6,860	12,381	-	-
Operating liabilities						
Trade payables	416,021	337,972	-	-	-	-
Other current liabilities (excluding tax liabilities)	105,801	105,644	-	-	-	-
Other non-current liabilities (excluding tax liabilities)	105	113	-	-	-	-
Non-current financial liabilities						
Bank loans	488,929	616,811	-	-	-	-
Right-of-use liabilities, non current	152,030	151,009	-	-	-	-
Payables for options on the purchase of investments	-	-	1,463	1,202	-	-
Derivatives and other hedging instruments	-	-	-	-	843	29
Current financial liabilities						
Other short-term bank payables	26,779	29,270	-	-	-	-
Bank loans (current portion)	336,674	124,563	-	-	-	-
Right-of-use liabilities, current	41,296	35,107	-	-	-	-
Payables to other lenders	266	-	-	-	-	-
Derivatives and other hedging instruments	-	-	-	-	590	8,024
Other liabilities	77	56	-	-	-	-

Detailed information on derivatives is provided here below.

DERIVATIVES

The Group is exposed to the fluctuations both in the purchase prices of green coffee and in foreign exchange rates, in particular in respect of the purchase of green coffee denominated in USD and sales in countries with currencies other than the Euro. In order to reduce the impact of changes in prices and exchange rates on expected cash flows, in accordance with its risk management policy the Group uses derivative instruments solely for hedging purposes.
In detail, the price of green coffee is subject to considerable volatility caused by both variables relating to physical supply and demand mechanisms (harvest, stocks, consumption and logistical limitations) and speculative activity on the stock exchange.
In order to limit the impact of fluctuations in coffee prices, the Group adopts procurement policies that aim to reduce price changes, while also undertaking hedging transactions through financial derivatives.
In addition, the Group also had recourse to financial derivatives (interest rate swaps) to transform the rate on the corporate loans, commented upon in the section regarding payables to banks, from variable to fixed so as to hedge against the risk of fluctuation in the relevant interest rates.

NON-CURRENT DERIVATIVE ASSETS

The item includes the positive fair value of derivatives outstanding at 31 December 2024 with a duration in excess of 12 months, contracted in order to hedge against foreign exchange and interest rate risk.

The following table summarises the related amounts (€ thousand):

	2024		2023	
	NOTIONAL VALUE	FAIR VALUE	NOTIONAL VALUE	FAIR VALUE
Exchange rates on sales	3,349	83	1,053	9
Interest rates on loans	240,000	9,247	300,000	20,260
Total	**243,349**	**9,330**	**301,053**	**20,269**

CURRENT DERIVATIVE ASSETS

The item includes the positive fair value of derivatives outstanding at 31 December 2024 with a duration of less than 12 months, contracted chiefly in order to hedge against foreign exchange rate risks.

The following table summarises the related amounts for the reporting year (€ thousand):

	2024		2023	
	NOTIONAL VALUE	FAIR VALUE	NOTIONAL VALUE	FAIR VALUE
Exchange rates on sales and purchase of green coffee	204,108	9,087	62,605	579
Exchange rate - Purchases of other products	464	1	3,800	19
Total	**204,571**	**9,088**	**66,405**	**598**

FINANCIAL DERIVATIVE LIABILITIES

The item includes the negative fair values of derivatives outstanding at 31 December 2024, entered into to hedge against the risk of fluctuation of exchange rates and green coffee prices.

The following tables summarise the related amounts (€ thousand):

Non-current derivative liabilities

	2024		2023	
	NOTIONAL VALUE	FAIR VALUE	NOTIONAL VALUE	FAIR VALUE
Exchange rates on sales and purchase of green coffee	-	-	2,812	29
Interest rates on loans	350,000	843	-	-
Total	**350,000**	**843**	**2,812**	**29**

Current derivative liabilities

	2024		2023	
	NOTIONAL VALUE	FAIR VALUE	NOTIONAL VALUE	FAIR VALUE
Exchange rates on sales and purchase of green coffee	33,580	494	250,612	8,024
Exchange rate - Purchases of other products	5,708	96	-	-
Total	**39,288**	**590**	**250,612**	**8,024**

10.22 FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities for the reporting year and the previous year.

	2024			2023		
	QUOTED PRICES IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	QUOTED PRICES IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Investments in other companies	-	6,860	-	-	12,381	-
Mutual funds	2	-	-	1,986	-	-
Insurance policies	-	11	-	-	11	-
Equity securities	-	-	-	31,322	-	-
Bonds	198,525	-	-	251,527	-	-
Other current securities	-	9	-	-	9	-
Derivative assets	-	18,418	-	-	20,867	-
Payables for options on the purchase of investments	-	-	1,463	-	-	1,202
Derivative liabilities	-	1,433	-	-	8,053	-

There were no transfers between Level 1 and Level 2 during the year.

10.23 GOVERNMENT GRANTS

The amounts taken to the statement of profit or loss during the year on an accrual basis are presented below, broken down into operational grants and capital grants.
Capital grants had been received in previous years and the accrued portions were recognised during the year.

Operational grants

DESCRIPTION	AMOUNT RECEIVED
R&D Bonus	286
Grants for investments in photovoltaic plants or for other low energy consumption production systems	203
Government grants for the acquisition or maintenance of properties	4
Grants for training programmes	160
Total	**653**

Capital grants

DESCRIPTION	AMOUNT RECEIVED
Government grants for innovation and the acquisition of new equipment	155
Benefits on expenditures in specific geographical areas	540
R&D Bonus	303
Other	24
Total	**1,022**

10.24 CONTRACTUAL ASSETS AND LIABILITIES

With reference to contractual assets and liabilities, it should be noted that they almost entirely refer to trade receivables, with the exception of contractual liabilities arising on advances from customers totalling €32.5 million, mainly received by the subsidiary Nims S.p.A.

11. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

11.1 REVENUE FROM CONTRACTS WITH CUSTOMERS

This item is broken down as follows:

	YEAR 2024	YEAR 2023	CHANGE
Net revenues from the sale of goods	3,269,387	3,009,655	259,732
Net revenues from the sale of services	79,746	59,246	20,500
TOTAL	**3,349,133**	**3,068,901**	**280,232**

2023 only includes the nine-month results of the MaxiCoffee Group recognised on an accrual basis compared to the 12-month results of 2024.

The following table provides a breakdown of revenues by geographical area:

GEOGRAPHICAL AREA	YEAR 2024	RATIO %	YEAR 2023	RATIO %	CHANGE	% CHANGE
Italy	782,208	23.4%	754,495	24.6%	27,713	3.7%
Other EU countries	1,725,319	51.5%	1,562,388	50.9%	162,931	10.4%
Non-EU countries	841,606	25.1%	752,018	24.5%	89,588	11.9%
Total	**3,349,133**	**100.0%**	**3,068,901**	**100.0%**	**280,232**	**9.1%**

Net revenues from the sale of goods mainly refer to the sale of packaged coffee and capsules and are given net of discounts and grants for promotional activities granted to customers and referring to activities not related to products or services that can be separated from the main sale transaction.

Net revenues from the sale of services, transferred over a specific time period, refer to:

REVENUE RECOGNITION TIMING	YEAR 2024	YEAR 2023	CHANGE
Lease of coffee machines provided on free loan for use	55,088	39,817	15,271
Other services	6,018	4,514	1,504
Other rentals	18,640	14,915	3,725
TOTAL	**79,746**	**59,246**	**20,500**

11.2 COST OF SALES

This item includes the following costs:

	YEAR 2024	YEAR 2023	CHANGE
Material and production costs	(2,008,539)	(1,921,671)	(86,868)
Logistic and distribution costs	(148,042)	(135,133)	(12,909)
Redevances	(78,020)	(55,652)	(22,368)
Fees and commissions on sales	(53,044)	(51,120)	(1,924)
TOTAL	**(2,287,645)**	**(2,163,576)**	**(124,069)**

Despite a reduction in energy costs and the stabilisation of inflation, coffee price rose significantly; in this context, the Group managed to protect profitability and reduced the ratio of cost of sales to turnover from 71% in 2023 to 68% in 2024.

The following table provides a breakdown of costs by nature:

	YEAR 2024	YEAR 2023	CHANGE
Purchase of raw materials and third-party products	(1,725,360)	(1,493,706)	(231,654)
Change in inventories	55,721	(101,568)	157,289
Costs for services	(421,875)	(392,732)	(29,143)
Costs for use of third-party assets	(2,889)	(2,969)	80
Personnel costs	(75,708)	(69,894)	(5,814)
Amortisation, depreciation and write-downs	(111,583)	(99,278)	(12,305)
Provisions for risks	(5,951)	(3,429)	(2,522)
TOTAL	**(2,287,645)**	**(2,163,576)**	**(124,069)**

The item "Change in inventories" was determined by the changes in inventories, which increased in the year compared to the decline reported in 2023.

Green coffee prices rose for both exchange-grade coffee and for varieties traded on a differential. Arabica coffee reached peaks over 3.20 $/lb, exceeding the level reported in 1977, while Robusta coffee reached its historic high at nearly 5.500 $/tonne. The price was undermined by several factors, but chiefly by the structural imbalance between the global demand and the supply from coffee-growing countries, with the latter increasingly struggling to manage coffee demand in adverse weather conditions, as well as by the uncertainty regarding the entry into force of the EUDR, impacting the whole supply chain.

Cost for services included €78 million "redevances" (€56 million in 2023) attributable to the MaxiCoffee Group, referring to costs incurred for use of spaces in offices or public areas where vending machines are placed. The amount includes the 12-month result economic effect compared to the nine-month results of 2023.

Accruals to provisions increased by €3 million compared to the previous year, chiefly as a result of the continuation of the development of industrial projects to convert production lines for the production of increasingly sustainable packaging. The Group is indeed committed to ensuring high product quality standards, in compliance with the essential requirements of environmental directives and new technologies, adopting processes and raw materials with a low environmental impact to reduce waste production.

11.3 PROMOTIONAL AND ADVERTISING COSTS

This item includes the following costs:

	YEAR 2024	YEAR 2023	CHANGE
Advertising costs	(103,424)	(71,524)	(31,900)
Promotional costs	(57,101)	(61,768)	4,667
Marketing costs	(44,333)	(43,965)	(368)
TOTAL	**(204,858)**	**(177,257)**	**(27,601)**

Promotional, advertising and marketing costs rose by €28 million, in line with the Group's policies aimed at promoting both the brand with its most premium ranges such as iTierra!, Espresso and Tales of Italy, and communication, dealing with contemporary, socially relevant topics.
For the main marketing initiatives, reference should be made to the Directors' Single Report on Operations.

The following table provides a breakdown by nature:

	YEAR 2024	YEAR 2023	CHANGE
Purchase of third-party products	(841)	(608)	(233)
Change in inventories	(5,309)	(5,542)	233
Costs for services	(199,617)	(171,021)	(28,596)
Costs for use of third-party assets	(168)	(100)	(68)
Personnel costs	(1)	(13)	12
Amortisation and depreciation	(1,042)	(1,196)	154
Other costs	2,120	1,223	897
TOTAL	**(204,858)**	**(177,257)**	**(27,601)**

11.4 SELLING COSTS

This item mainly includes costs of the commercial structure and the sales network.

The following table provides a breakdown by nature:

	YEAR 2024	YEAR 2023	CHANGE
Purchase of third-party products	(5,388)	(4,825)	(563)
Change in inventories	(3,169)	(2,511)	(658)
Costs for services and other costs	(72,144)	(67,226)	(4,918)
Costs for use of third-party assets	(4,626)	(4,321)	(305)
Personnel costs	(188,723)	(169,250)	(19,473)
Write-down of receivables	(7,125)	(7,890)	765
Amortisation and depreciation	(10,383)	(7,044)	(3,339)
Provisions for risks	(605)	(70)	(535)
TOTAL	**(292,163)**	**(263,137)**	**(29,026)**

Selling costs increased mainly due to costs for services and personnel costs, attributable, to a significant extent, to the inclusion of the 12-month economic impact of the MaxiCoffee Group in the consolidation area.

11.5 GENERAL AND ADMINISTRATIVE EXPENSES

	YEAR 2024	YEAR 2023	CHANGE
Personnel costs	(213,422)	(174,468)	(38,954)
Costs for services	(58,063)	(53,821)	(4,242)
Advisory services	(32,620)	(32,758)	138
Costs for use of third-party assets	(22,488)	(16,349)	(6,139)
Amortisation and depreciation	(39,521)	(38,284)	(1,237)
Other costs	(4,437)	(5,400)	963
Remuneration to Directors and Statutory Auditors	(2,832)	(2,612)	(220)
Purchase of third-party products	(865)	(893)	28
Change in inventories	(652)	(1,077)	425
TOTAL	**(374,900)**	**(325,662)**	**(49,238)**

The item "General and administrative expenses" includes all structure costs referring to the Lavazza Group's companies and related to the personnel management, legal, administration, finance and control, general management, general services and IT systems functions.
The €49 million increase is chiefly attributable to personnel costs, costs for services and costs for use of third-party assets, as a result of the 12-month economic impacts of the MaxiCoffee Group, the increased headcount and the application of the "Lavazza Group Reward Framework", which has introduced an integrated management of remuneration policies, first ensuring equity within the Company, while also aligning with labour market, in order to attract talents and maintaining and consolidating the engagement of the whole organisation so as to support the business strategy in line with business performance.

11.6 RESEARCH AND DEVELOPMENT COSTS

	YEAR 2024	YEAR 2023	CHANGE
Costs for services, net of grants received	(10,539)	(9,169)	(1,370)
Purchase of materials	(870)	(910)	40
Change in inventories	(1,326)	(1,269)	(57)
Other costs	(170)	(892)	722
Amortisation and depreciation	(3,930)	(3,087)	(843)
TOTAL	**(16,835)**	**(15,327)**	**(1,508)**

Research and development costs amounted to about €17 million, essentially in line with the previous year. Research and development activities are mainly carried out and paid for by the Parent Company. In line with the previous year, development and implementation of new food products and coffee machines, as well as of compostable and recyclable packages for capsules and Roast&Ground products continued.

The dedicated paragraph of the Report on Operations provides further details on the activities carried out.

11.7 OTHER OPERATING (EXPENSE) INCOME AND OTHER ONE-OFF CHARGES

11.7.1 OTHER OPERATING (EXPENSE) INCOME

Other operating (expense) income is broken down as follows:

	YEAR 2024	YEAR 2023	CHANGE
Royalties	664	948	(284)
Insurance reimbursements	1,588	1,400	188
Capital gains (losses)	(417)	(415)	(2)
Socially beneficial and charitable expense	(4,553)	(1,877)	(2,676)
Amortisation and depreciation	(17,416)	(17,325)	(91)
Provisions	(8,470)	(2,548)	(5,922)
Impairment of tangible and intangible assets	(234)	-	(234)
Personnel costs	-	152	(152)
Other income (expense)	1,732	5,687	(3,955)
TOTAL	**(27,106)**	**(13,978)**	**(13,128)**

Other net operating expense amounted to €27 million and includes €17 million for amortisation and depreciation, mainly referring to the Carte Noire and Merrild know-how acquired in the previous years and amortised based on a useful life of 20 years, in addition to the amortisation of trademarks, know-how and the client portfolio acquired at the end of 2018 with the Lavazza Professional business unit. This was in addition to the amortisation calculated on trademarks and other intangible assets recognised in 2023 as part of the acquisition of the MaxiCoffee Group.
Socially beneficial and charitable expense concerns the recurring donations to non-profit organisations and recognised entities, in support of social, health and cultural projects.
In the year, an approximately €8.5 million provision was allocated to company restructuring projects and to provisions for charges and legal disputes.

11.7.2 OTHER NET ONE-OFF CHARGES

This item amounted to €10 million and referred to costs for legal and consultancy services incurred for activities in support of extraordinary transactions, chiefly relating to IVS Group S.A.

11.7.3 PROFIT (LOSS) FROM INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

This item refers to the economic effect arising on the adjustment to equity of the interest in Y&L Coffee Ltd, a Chinese company 35% held by the Group, the interest in Fresh and Honest Café Ltd, a 24%-owned Indian company, the interest in the 21.2%-owned German company IVS Germany G.m.b.H., as well as the interest held in the 49%-owned in IVS Group S.A. as of early October 2024.

11.8 PERSONNEL COSTS

Personnel costs include salaries, related contributions, portions of defined benefit plans and other costs, including provisions for bonuses and incentives accrued in the reporting year.

	YEAR 2024	YEAR 2023	CHANGE
Wages and salaries	(367,162)	(308,399)	(58,763)
Social security contributions	(69,793)	(61,641)	(8,152)
Costs for defined benefit plans	(6,376)	(8,766)	2,390
Other costs	(36,337)	(35,516)	(821)
Total personnel costs	**(479,668)**	**(414,322)**	**(65,346)**
of which:			
- included in cost of sales	(75,708)	(69,894)	(5,814)
- included in selling costs	(188,723)	(169,250)	(19,473)
- included in other structure costs	(215,237)	(175,178)	(40,059)
Total personnel costs	**(479,668)**	**(414,322)**	**(65,346)**

Personnel costs amounted to €480 million, up €65 million compared to the previous year. The increase is chiefly attributable to the economic impacts of the MaxiCoffee Group for the entire year, the increased headcount and the application of the "Lavazza Group Reward Framework", in relation to which reference should be made to the Report on Operations. Structure costs included general and administrative expenses, research and development costs and non-recurring expense.

The headcount referred to the personnel of the companies consolidated using the line-by-line method and the cost of which is recognised in the Group's Statement of Profit or Loss.

Average headcount remained substantially in line with the previous year and was broken down by category as follows:

CATEGORIES	2024	2023
Senior managers - Middle managers	1,497	1,294
Specialised workers	2,426	2,494
Other workers	1,913	1,876
Total	**5,836**	**5,664**

The following table shows the headcount at year-end and for the previous year:

CATEGORIES	2024	2023
Senior managers - Middle managers	1,483	1,283
Specialised workers	2,406	2,498
Other workers	1,913	1,854
Total	**5,802**	**5,635**

11.9 FINANCIAL INCOME AND EXPENSE, DIVIDENDS AND INVESTMENTS RESULTS

FINANCIAL INCOME AND EXPENSE

The following table reports the breakdown of financial income and expense for 2024 and the previous year:

	YEAR 2024	YEAR 2023	CHANGE
FV adjustments of securities in profit or loss	8,418	13,993	(5,575)
Income (expense) from derivatives	(2,215)	(5,123)	2,908
Exchange gains (losses)	(1,289)	(3,909)	2,620
Other financial income (expense)	(10,604)	(14,855)	4,251
TOTAL	**(5,690)**	**(9,894)**	**4,204**

Income (expense) from financial derivatives refer to the ineffective component of the derivatives contracted to hedge against foreign exchange, interest rate and commodity risks and subject to hedge accounting, since they met all the conditions for the hedge accounting treatment of derivatives. This item included fair value changes of derivatives recognised through profit or loss when they do not meet all hedge accounting conditions as per IFRS 9.

Exchange losses amounted to €1.3 million and referred to foreign exchange differences recognised to adjust assets and liabilities in currencies other than the local currency of the consolidated companies (mainly effects linked to the Dollar) at the spot exchange rate at year-end. The remaining portion of exchange differences arose on purchases and sales in foreign currencies.

Income arising from the adjustment to fair value of securities referred to the adjustment to market prices of the securities of Lavazza Capital S.r.l., which was positive in 2024 as well, thus continuing the recovery process that had begun in the previous year, although with more moderate increases. This ongoing improvement reflected a phase of stabilisation and consolidation of the financial performance.

Other financial income and expense improved by €4 million compared to the previous year; said improvement related in particular to interest income thanks to the sound management of cash flows from operating activities that throughout the year reported a positive performance, thus guaranteeing a good level of available liquidity and allowing a lower use of bank loans — a positive sign of a careful management of net working capital and a prudent and careful financing activity.

Other financial income and expense were broken down as follows:

OTHER FINANCIAL INCOME	YEAR 2024	YEAR 2023	CHANGE
Other financial income	10,198	9,212	986
Interest income from banks	7,026	3,963	3,063
Interest income on financial receivables	6,188	6,518	(330)
Total financial income	**23,412**	**19,693**	**3,719**

OTHER FINANCIAL EXPENSE	YEAR 2024	YEAR 2023	CHANGE
Interest and financial charges paid to banks	(25,377)	(24,648)	(729)
Interest paid to other lenders	(108)	(353)	245
Other financial expense	(8,531)	(9,547)	1,016
Total financial expense	**(34,016)**	**(34,548)**	**532**

Financial income refers mainly to coupons accrued on bonds and the securities of the subsidiary Lavazza Capital S.r.l. Interest income from banks mainly refers to interest accrued on current accounts included in the Group's cash and cash equivalents.

Interest income on financial receivables mainly includes interest accrued on loans granted to clients by the subsidiary Cofincaf S.p.A., as well as interest income accrued by Lavazza Capital S.r.l. from Torino 1985 Investimenti S.p.A. (a subsidiary of the Finlav Group) following a €115 million loan granted to the latter. The loan was extinguished in the last quarter of the year.

Interest paid to banks mainly refers to interest accrued on corporate loans taken out by the Parent Company. The increase compared to the previous year was chiefly determined by the new loans taken out by the Parent Company in order to cover the extraordinary outlays during the year for the acquisitions.

The "Other financial expense" item refers to the accrued interest paid on right-of-use liabilities, including interest accrued on the Nuvola Headquarters finance lease, in addition to the interest accrued on pension or severance indemnities paid to employees/to which employees are entitled in application of IAS 19.

DIVIDENDS AND EQUITY INVESTMENTS RESULTS

This item amounted to €532 thousand and refers to dividends on investments in equity securities held by Lavazza Capital S.r.l.

11.10 INCOME TAXES

Income taxes for the years ended 31 December 2024 and 2023 were broken down as follows:

	YEAR 2024	YEAR 2023	CHANGE
Current taxes	(27,286)	(10,658)	(16,628)
Use (provision) for deferred tax liabilities	(4,302)	(13,037)	8,735
Provision (use) for deferred tax assets	(11,306)	4,163	(15,469)
TOTAL	**(42,894)**	**(19,532)**	**(23,362)**

Current taxes increased significantly compared to the previous year, chiefly as a result of the Parent Company's higher taxes.

As a result of the tax effect included in OCI:

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	2024	2023
Deferred taxes relating to items recognised in OCI for the year		
Gain/(Loss) on the write-up of cash flow hedges	(589)	(2,969)
Unrealised Gain/(Loss) on financial assets	-	-
Net Gain/(Loss) on actuarial gains/(losses)	(656)	1,468
Income taxes in the Consolidated Statement of Other Comprehensive Income	**(1,245)**	**(1,501)**

The reconciliation between income taxes recognised and theoretical taxes resulting from the application of the effective tax rate on profit before taxes was as follows:

GROUP PRE-TAX RESULT	**125,338**
Theoretical tax rate	**24%**
GROUP THEORETICAL TAX RATE	**(30,081)**
Dividends	(519)
Different tax ratio of Group companies	(14)
Permanent differences	433
ACE / Patent Box tax incentives	3,662
Temporary differences for IFRS adjustments and other consolidation adjustments	(7,907)
Temporary differences	(6,603)
Prior years' tax losses	8,149
Non-deductible taxes and costs	190
Prior years' taxes	(675)
IRAP (regional production tax)	(5,873)
Other local taxes	(3,656)
ACTUAL TAX RATE	**(42,894)**

The theoretical tax rate considered is that in effect at the reporting date of these Financial Statements, in accordance with the law, taking account of the IRES rate of 24% applied by the Parent Company.
In the interest of a clearer view of reconciliation, IRAP has not been considered, since this tax is calculated on a basis other than profit before taxes, and hence would have had distorting effects.

DEFERRED TAXES

The following table provides the breakdown by nature of deferred tax assets and liabilities recognised in the Statement of Profit or Loss and the Statement of Financial Position:

	31.12.2023	RECLASSIFICATION	RETURNS	PROVISIONS	EXCHANGE RATE AND OTHER MOVEMENTS	MOVEMENTS TO OCI RESERVE	31.12.2024
PRE-TAX							
Deferred deductibility costs	91,377	-	(32,441)	18,904	(22)	-	77,818
Elimination of fiscal effect of intercompany profit	2,035	290	(2,359)	5,097	(9)	-	5,054
FV adjustment of financial derivatives	(7,419)	-	-	-	-	2,566	(4,853)
Total deferred tax assets	**85,993**	**290**	**(34,800)**	**24,001**	**(31)**	**2,566**	**78,019**
DEFERRED TAX LIABILITIES							
Deferred tax liabilities on depreciation delta	57,698	-	(16,411)	23,798	-	-	65,085
Other differences	60,269	290	(9,278)	6,193	248	-	57,722
FV adjustment of financial derivatives	1,860	-	-	-	-	3,811	5,671
Total deferred tax liabilities	**119,827**	**290**	**(25,689)**	**29,991**	**248**	**3,811**	**128,478**

The deferred taxes presented in the change in consolidation area included the effects of the amendments made to IAS 12, which provide for the recognition of deferred taxes on certain lease transactions that give rise to taxable and deductible temporary differences of equal amount upon initial recognition.

12. COMMITMENTS AND RISKS

Commitments and risks are given in the following table:

DESCRIPTION	AMOUNT RECEIVED
Commitments to purchase fixed assets	1,285
Commitments to purchase green coffee	44,662
Other real guarantees granted to third parties	541
Guarantees on credit lines granted to third parties	1,007
Total	**47,495**

Commitments and risks remained substantially unchanged compared to the previous year and include primarily:

Commitments to purchase fixed assets

This item refers to commitments made during the year by Carte Noire Operations S.a.s. for the future purchase of industrial plant and machinery.

Commitments to purchase green coffee

They refer to the commitments to purchase green coffee undertaken by the subsidiary Kicking Horse Coffee CO Ltd.

Personal guarantees on lines of credit

The subsidiary Lavazza France S.a.s. provides guarantees for loans contracted by its clients in connection with their operating activity.

Other guarantees to third parties

They chiefly refer to the guarantees lent by the subsidiaries belonging to the MaxiCoffee Group.

Guarantees in favour of the Parent Company

They consist of guarantees given in favour of the Parent Company by banks: €1,523,981 in the interest of the Ministry of Economic Development for prize competitions; €4,964,254 for the application for VAT reimbursement to a Group company; €613,271 (JPY 100,000,000) in the interest of Tokyo Customs for import duties and taxes; €303,467 to the Region of Piedmont for clearance work and safety assessment associated with the new Headquarters; €34,985 for a loan connected with scholarships of the Parma University; €16,702 to Consorzio Nucleo Sviluppo Industriale Isernia for drinking water supply; €51,650 to Customs; and €782,227 for property leases.

13. ASSETS HELD FOR SALE

In 2024, assets held for sale amounted to €296 thousand and related to the sale of a packaging machine that will occur in 2025. At the end of 2023, assets held for sale amounted to €27 thousand and referred to a portion of the assets relating to the closure of the Lyon boutique.

14. RISK MANAGEMENT OBJECTIVES AND CRITERIA

As explained in Note 10.14, the Group's main financial liabilities, besides derivative liabilities, include bank loans and financing, trade and other payables. The main objective of such liabilities is to finance the Group's operating activities.
The Group has financial and other receivables, both trade and non-trade receivables, cash and cash equivalents and short-term deposits originating directly from its operating activities. The Group also holds AFS investments, other financial securities and derivative assets.

The Group is exposed to market risk, interest risk, exchange rate risk, commodities price risk, and credit risk.
The Group's management oversees the management of these risks. All derivative activities for risk management purposes are supervised and carried out by specialist teams that have the appropriate expertise and experience. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

The Board of Directors reviews and approves policies for managing each of these risks, which are summarised below.

INTEREST RATE RISK

Interest rate risk is the risk that interest rate fluctuations impact financial assets, payables to banks and lease contracts.
In the Group's case in particular, interest-rate risk primarily derives from floating-rate medium-/long-term loans.
In October 2024, benefiting from falling euro swap rates, it was decided to fully convert the loan taken out in 2023 to a fixed rate, using an interest rate swap.

FOREIGN EXCHANGE RISK

The Group is exposed to fluctuations in exchange rates, particularly with regard to the purchase of green coffee (the main raw material used), denominated in USD, and to sales in countries with currencies other than the Euro.
In order to reduce the impact of changes in exchange rates on expected cash flows, the Group contracts derivatives for hedging purposes, in accordance with its risk management policy.

RISK OF COFFEE PRICE FLUCTUATIONS

The price of green coffee is subject to considerable volatility caused by both variables relating to physical supply and demand mechanisms (harvest, stocks, consumption and logistical limitations) and speculative activity on the exchanges.
In order to limit the impact of fluctuations in coffee prices, the Group adopts procurement policies that aim to reduce price changes through physical price locks, as established by its risk management policy.

No speculative transactions are undertaken.

CREDIT RISK

The Group has established a credit management (trade finance) function, exclusively tasked with monitoring credit status, payment reminders, customised and specific management of each client, through internal risk control procedures.
The Group applies a specific policy aimed at standardising the processes of assigning credit limits to and clustering clients in the interest of uniform management of credit issues across the various countries.
This process is supported by a sale order monitoring scheme based on defined credit limits, implemented in the Group's IT systems.
Disputed accounts are regularly monitored with legal counsel to ensure constant updates to the stages of the various cases, as reflected in an accrual to the provision for the write-down of receivables.
Trade receivables from third parties deemed to have become impaired are classified as bad debts, primarily past due by more than one year and managed through legal procedures.
The maximum amount of the risk at the reporting rate is equal to the net carrying amount of the trade receivables, also taking account of the risk of the expected credit loss estimated by the Company on the basis of the business model identified (as defined by IFRS 9).

15. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that have been entered into with related parties in 2024 and the previous year:

2024

COMPANY	TYPE	SALES OF GOODS AND SERVICES	PURCHASES OF GOODS AND SERVICES	FINANCIAL INCOME	FINANCIAL EXPENSE	TRADE RECEIVABLES	TRADE PAYABLES	FINANCIAL RECEIVABLES	FINANCIAL PAYABLES
Lavazza Trading (Shenzhen) Co.Ltd	Subsidiary	-	717	-	-	-	50	-	-
Lavazza Maroc S.a.r.l.	Subsidiary	12	194	-	-	28	71	-	-
IVS Germany G.m.b.H	Indirect associate	1,177	-	-	-	346	-	-	-
Fresh and Honest Café Limited	Indirect associate	974	-	-	-	314	-	-	-
Yi Bai Co. Ltd	Indirect associate	9,019	901	-	-	1,696	875	-	-
Y&L Coffee Ltd	Indirect associate	2,151	-	-	-	425	-	-	-
IVS Group SA	Indirect associate	78,632	-	217	-	6,693	-	5,644	-
Torino Inv.1895 S.p.A.	Other related party	-	-	4,217	-	-	-	-	-
Lavazza Entertainment S.r.l.	Other related party	-	-	-	20	-	-	-	495
Lavazza Eventi S.r.l.	Other related party	577	3,167	-	54	504	2,403	-	684
Lea S.r.l.	Other related party	338	3,451	103	-	329	1,958	2,771	2
Tosetti Value S.p.A.	Other related party	-	708	-	-	-	-	-	-
Total		**92,880**	**9,138**	**4,537**	**74**	**10,335**	**5,357**	**8,415**	**1,181**

2023

COMPANY	TYPE	SALES OF GOODS AND SERVICES	PURCHASES OF GOODS AND SERVICES	FINANCIAL INCOME	FINANCIAL EXPENSE	TRADE RECEIVABLES	TRADE PAYABLES	FINANCIAL RECEIVABLES	FINANCIAL PAYABLES
Lavazza Trading (Shenzhen) Co.Ltd	Subsidiary	-	1,481	-	-	-	907	-	-
Lavazza Maroc S.a.r.l.	Subsidiary	15	216	-	-	31	90	-	-
Manufacture de Café	Indirect associate	156	-	-	-	456	-	507	-
Ediwen G.m.b.H	Indirect associate	850	-	-	-	453	-	-	-
Fresh and Honest Café Limited	Indirect associate	712	-	-	-	173	-	-	-
Yi Bai Co. Ltd	Indirect associate	6,156	71	-	-	671	70	-	-
Torino Inv.1895 S.p.A.	Other related party	-	-	4,832	-	-	-	115,000	-
Lavazza Entertainment S.r.l.	Other related party	-	-	-	18	-	-	-	485
Lavazza Eventi S.r.l.	Other related party	566	2,727	-	42	484	2,161	-	337
Lea S.r.l.	Other related party	310	2,859	86	-	303	1,418	3,204	2
Tosetti Value S.p.A.	Other related party	-	708	-	-	-	-	-	-
Chili S.p.A.	Other related party	-	231	-	-	-	-	-	-
Total		**8,765**	**8,293**	**4,918**	**60**	**2,571**	**4,646**	**118,711**	**824**

Sales to and purchases from related parties are carried out at arms' length conditions. For the year ended 31 December 2024, the Group had no impairments on contracts with related parties. The impairment test is carried out yearly, at each reporting date, considering the financial position of the related party and the market where it operates.
Regarding transactions with related parties, these cannot be categorised either as atypical or unusual and fall within the normal course of Group company operations. These transactions are settled at arm's length and have been conducted under conditions equivalent to those prevailing in free transactions between independent parties.
Compared to the previous year, the Group's related parties included the IVS Group SA of which the Group holds a 49% interest as a result of its participation in the tender offer described in paragraph 10.5 of the Notes, to which reference is made. Net of this change, the scope of related parties was substantially unchanged, with only one difference as a result of the change of the name of Ediwen G.m.b.H into IVS Germany G.m.b.H. Relationships with Yi Bai Co. Ltd intensified, and new relationships were established with Y&L Coffee Ltd, both with regard to the sales of coffee finished products. Yi Bai Co. Ltd belongs to the Y&L Coffee Limited Group, in which Luigi Lavazza S.p.A. holds a 35% interest

Remuneration paid to Directors and Statutory Auditors is detailed in the following table (values in units of Euro):

	TOTAL REMUNERATION PAID
Fixed remuneration to Directors	2,047,019
Fixed remuneration to Statutory Auditors	167,440
Total	**2,214,459**

INFORMATION ON THE CONSIDERATION OWED TO THE INDEPENDENT AUDITORS OF THE ANNUAL ACCOUNTS PURSUANT TO THE NEW PARAGRAPH 1 OF ARTICLE 38 OF LEGISLATIVE DECREE NO. 127/91

The following table presents the total amount, in units of Euro, of the consideration owed to EY S.p.A. for conducting statutory independent audits of the annual accounts of the Financial Statements of the Parent Company, Luigi Lavazza S.p.A., its Italian subsidiaries Cofincaf S.p.A., Lavazza Capital S.r.l., Nims S.p.A. and E-Coffee Solutions S.r.l., and, separately, a statutory independent audit of the Consolidated Financial Statements of the Lavazza Group for the year ended 31 December 2024, as well as the total amount of consideration accrued for other minor services relating to methodological support activities.

ACTIVITY	COMPANY	2024
Audit of annual accounts	Luigi Lavazza S.p.A.	77,000
	Consolidated Lavazza Group	82,000
	Cofincaf S.p.A.	24,000
	Lavazza Capital S.r.l.	18,000
	Nims S.p.A.	25,000
	E- Coffee Solutions S.r.l.	5,000
Total		**231,000**

16. POST BALANCE SHEET EVENTS

The global economic and political landscape continues to be increasingly marked by uncertainty and unpredictability. Accordingly, early 2025 is expected to be still characterised by complex trajectories.

The growing costs of raw materials, with further price increases — +20% for Arabica and +10% for Robusta in the first months of 2025 — and the potential complexities arising from the tariffs current issue as announced by the United States are an example of this. Other reasons for concern are the tensions deriving from the continuation of the Russia-Ukraine and Middle East conflicts.

In this complex context, aware of the challenges ahead of us — which are very demanding and not without risk —, we will do all that is necessary to protect volumes and customers as much as possible, without ever compromising on the quality of our products. We will seek out every possible solution to cope with an extremely critical industry scenario, implementing effective solutions in terms of profitability, leveraging on consolidating our offer and the quality of our products, as well as on our international growth strategy, focused particularly on consolidating the European market, as an omnichannel leader, and on developing strategic markets such as the United States and rapidly growing areas such as China.

INDEPENDENT AUDITORS' REPORT

Shape the future
with confidence

Luigi Lavazza S.p.A.

Consolidated financial statements as at 31 December 2024

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

Shape the future
with confidence

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders of
Luigi Lavazza S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

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

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

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Luigi Lavazza S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

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Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Report on compliance with other legal and regulatory requirements

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

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

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

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

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

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

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

Torino, 11 April 2025

EY S.p.A.
Signed by: Stefania Boschetti, Auditor

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

03.

LUIGI LAVAZZA S.P.A.
FINANCIAL STATEMENTS AT 31 DECEMBER 2024

ACCOUNTING STATEMENTS

BALANCE SHEET - ASSETS

		31.12.2024	31.12.2023
A)	CALLED-UP SHARE CAPITAL NOT PAID	-	-
B)	ASSETS		
I)	INTANGIBLE ASSETS		
1)	start-up and expansion costs	-	-
2)	development costs	4,266,944	6,241,975
3)	industrial patent rights and rights for exploitation of intellectual property	11,202,383	13,155,272
4)	concessions licenses, trademarks and similar rights	172,701,246	188,930,342
5)	goodwill	199,675,714	217,615,708
6)	intangible assets in progress and advances	14,735,568	10,130,268
7)	other	77,476,801	82,416,732
	TOTAL INTANGIBLE ASSETS	**480,058,656**	**518,490,297**
II)	PROPERTY, PLANT AND EQUIPMENT		
1)	land and buildings	77,738,463	78,991,888
2)	plant and machinery	199,549,406	206,743,965
3)	industrial and commercial equipment	26,361,862	29,266,269
4)	other assets	8,523,782	9,394,865
5)	tangible assets in progress and advances	14,664,827	18,852,202
	TOTAL TANGIBLE ASSETS	**326,838,340**	**343,249,189**
III)	FINANCIAL ASSETS		
1)	investments in:		
	a) subsidiaries	1,737,915,081	1,519,722,635
	b) associates	69,712,827	69,712,827
	d-bis) other companies	6,099	6,105
2)	receivables:		
	a) to subsidiaries	214,755,718	200,762,756
	of which due after one year	*214,755,718*	*200,762,756*
	d-bis) to others	227,660	252,979
	of which due after one year	*227,660*	*252,979*
4)	derivative financial assets	9,247,075	20,261,952
	TOTAL NON-CURRENT FINANCIAL ASSETS	**2,031,864,460**	**1,810,719,254**
	TOTAL FIXED ASSETS (B)	**2,838,761,456**	**2,672,458,740**

		31.12.2024	31.12.2023
C)	CURRENT ASSETS		
I)	INVENTORIES		
1)	raw material, ancillaries and consumables	281,639,311	207,659,151
2)	work in progress and semi-finished goods	6,055,522	6,513,505
4)	finished products and goods	109,917,919	133,280,784
5)	advances payments	432,708	561,206
	TOTAL INVENTORIES	**398,045,460**	**348,014,646**
II)	RECEIVABLES		
1)	trade receivables	130,410,088	123,363,091
2)	from subsidiaries	445,104,619	337,430,789
3)	from associates	2,010,457	844,597
4)	from parent companies	31,329,378	33,457,493
5)	from related companies	3,604,068	3,990,964
5-bis)	tax receivables	20,408,546	19,394,797
5-ter)	prepaid taxes	41,895,828	49,875,508
5-quater)	other receivables	11,550,784	4,131,385
	TOTAL RECEIVABLES	**686,313,768**	**572,488,624**
III)	FINANCIAL ASSETS OTHER THAN FIXED ASSETS		
5)	derivative financial assets	7,847,843	699,007
6)	other securities	-	-
	TOTAL FINANCIAL ASSETS OTHER THAN FIXED ASSETS	**7,847,843**	**699,007**
IV)	CASH AND CASH EQUIVALENTS		
1)	bank and post office deposits	38,980,260	54,565,297
3)	cash and valuables on hand	72,408	104,402
	TOTAL CASH AND CASH EQUIVALENTS	**39,052,668**	**54,669,699**
V)	TANGIBLE ASSET HELD FOR SALE	295,966.00	-
	TOTAL WORKING CAPITAL (C)	**1,131,555,705**	**975,871,976**
D)	PREPAYMENTS AND ACCRUED INCOME	24,262,738	25,546,942
	TOTAL ASSETS	**3,994,579,899**	**3,673,877,658**

BALANCE SHEET – EQUITY AND LIABILITIES

		31.12.2024	31.12.2023
A)	**EQUITY**		
I.	SHARE CAPITAL	25,090,000	25,090,000
II.	SHARE PREMIUM ACCOUNT	9,133,523	9,133,523
III.	REVALUATION RESERVES	426,580,270	426,580,270
IV.	LEGAL RESERVE	5,018,000	5,018,000
V.	STATUTORY RESERVES	-	-
VI.	OTHER RESERVES		
	Extraordinary reserve	211,519,258	211,519,258
	Reserve Re. Art.18 Presidential Decree 675/77	16,892	16,892
	Reserve Re. Art. 55 law 526 of 7/8/82	86,235	86,235
	Reserve Re. Law 46 of 17/02/82	90,785	90,785
	Reserve Re. Art. 55 Presidential Decree 917/86	212,481	212,481
	Reserve Re. Law 130 of 26/04/83	162,463	162,463
	Reserve Re. Law 488 of 19/12/92	380,808	380,808
	Restricted reserve arising on exchange gains	-	-
	Merger surplus	56,953,074	56,953,074
VII.	HEDGE RESERVE FOR EXPECTED CASH FLOWS	7,070,283	7,490,798
VIII.	PROFIT (LOSS) CARRIED FORWARD	1,648,937,359	1,636,461,545
IX.	PROFIT (LOSS) FOR THE YEAR	51,230,085	39,583,816
X.	NEGATIVE RESERVE FOR TREASURY SHARES IN PORTFOLIO	(17,732,533)	(17,732,533)
	TOTAL EQUITY	**2,424,748,983**	**2,401,047,415**
B)	**PROVISIONS**		
1)	for pension and similar obligations	2,925,492	2,835,369
2)	for taxes, including deferred	3,869,413	6,542,881
3)	derivative financial liabilities	1,337,423	7,549,838
4)	other	101,728,046	84,601,328
	TOTAL PROVISIONS	**109,860,374**	**101,529,416**
C)	**EMPLOYEE LEAVING INDEMNITIES**	**10,880,526**	**11,777,351**

		31.12.2024	31.12.2023
D)	**LIABILITIES**		
4)	payables to banks	795,508,561	702,735,364
	a) of which due after one year	469,064,819	*588,563,285*
6)	advances payments	2,637,653	1,578,123
7)	trade payables	204,898,241	147,540,043
9)	payables to subsidiaries	301,426,658	183,260,494
10)	payables to Associates	874,636	70,056.00
11)	payables to the Parent	-	-
11 bis)	payables to related companies	5,536,138	4,396,744
12)	deferred tax liabilities	5,085,982	4,291,389
13)	social security liabilities	5,420,224	7,306,853
14)	other liabilities	117,962,583	95,449,241
	TOTAL LIABILITIES	**1,439,350,676**	**1,146,628,307**
E)	**ACCRUALS AND DEFERRED INCOME**	**9,739,340**	**12,895,169**
	TOTAL EQUITY AND LIABILITIES	**3,994,579,899**	**3,673,877,658**

STATEMENT OF PROFIT OR LOSS

			YEAR 2024		YEAR 2023
A)	VALUE OF PRODUCTION				
1)	net revenues		2,040,244,292		2,036,783,921
2)	change in inventories of work in progress, semi-finished and finished goods		(23,820,848)		(19,973,858)
5)	other income and revenues:		113,838,503		139,359,285
	a) miscellaneous	*113,196,201*		*133,268,320*	
	b) grants	*642,302*		*6,090,965*	
	TOTAL VALUE OF PRODUCTION		**2,130,261,947**		**2,156,169,348**
B)	COSTS OF PRODUCTION				
6)	for raw materials, ancillaries, consumables and goods		1,370,363,719		1,117,284,952
7)	for services		432,166,784		613,158,592
8)	for use of third-party assets		35,561,082		28,400,195
9)	for personnel:		214,086,324		183,869,036
	a) wages and salaries	*154,308,241*		*129,437,224*	
	b) social security costs	*39,535,895*		*33,845,420*	
	c) severance indemnities	*7,802,295*		*9,148,092*	
	e) other costs	*12,439,893*		*11,438,300*	
10)	amortisation, depreciation and write-downs		103,056,872		103,326,256
	a) amortisation	*56,646,882*		*55,960,669*	
	b) depreciation	*43,758,088*		*46,992,048*	
	c) other write-downs of fixed assets	*1,778,237*		*1,129*	
	d) write-downs of current receivables				
	and of cash and cash equivalents	873,665		*372,410*	
11)	changes in inventories of raw material, ancillaries, consumables and goods		(73,980,160)		94,156,708
12)	provisions for risks		7,262,503		3,473,663
13)	other provisions		1,009		126,865
14)	miscellaneous operating costs		13,060,867		11,449,690
	TOTAL COSTS OF PRODUCTION		**2,101,579,000**		**2,155,245,957**
	DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A - B)		**28,682,947**		**923,391**

			YEAR 2024		YEAR 2023
C)	FINANCIAL INCOME AND EXPENSE				
15)	income from investments		52,236,218		45,192,926
	- from subsidiaries and associates	*51,790,066*		*45,192,926*	
	- from other subsidiaries	*446,152*		-	
16)	Other financial income				
	a) from non-current receivables		11,330,173		7,742,822
	- from subsidiaries and associates	*11,330,173*		*7,742,822*	
	d) income other than the preceding ones		5,528,557		3,388,117
	- from subsidiaries and associates	*1,748,822*		*786,778*	
	- from companies controlled by the Parent	103,295		*86,270*	
	- from other companies	*3,676,440*		*2,515,069*	
17)	interest and other financial expense		(28,626,596)		(23,748,890)
	- from subsidiaries and associates	*(4,967,128)*		*(1,632,832)*	
	- paid to companies controlled by the parent company	*(74,075)*		*(59,873)*	
	- paid to other companies	*(23,585,393)*		*(22,056,185)*	
17-bis)	exchange gains and losses		(1,078,501)		(3,660,081)
	TOTAL FINANCIAL INCOME AND EXPENSES		**39,389,851**		**28,914,894**
D)	VALUE ADJUSTMENTS TO FINANCIAL ASSETS				
18)	write-ups		2,883,342		3,835,460
	a) of equity investments	-		-	
	d) of derivatives	*2,883,342*		*3,835,460*	
19)	write-downs:		(9,819,713)		(8,295,608)
	a) of equity investments	*(6,000,000)*		-	
	b) of financial fixed assets other than investments	-		-	
	c) of current securities other than investments	-		-	
	d) of derivatives	*(3,819,713)*		*(8,295,608)*	
	TOTAL VALUE ADJUSTMENTS OF FINANCIAL ASSETS		**(6,936,371)**		**(4,460,148)**
	PROFIT BEFORE TAXES (A-B+-C+-D)		**61,136,427**		**25,378,137**
20)	current, deferred and prepaid income taxes for the year		(9,906,342)		14,205,679
	current taxes	*(3,151,575)*		*2,658,454*	
	net deferred tax liabilities	*1,638,191*		*(940,612)*	
	net deferred tax assets	*(7,116,459)*		*6,694,767*	
	taxes relating to previous years	*(1,276,499)*		*5,793,070*	
21)	**PROFIT FOR THE YEAR**		**51,230,085**		**39,583,816**

STATEMENT OF CASH FLOWS

		YEAR 2024	YEAR 2023
A	**Cash flows from operating activities**		
	Profit (loss) for the year	51,230,085	39,583,816
	Income taxes	9,906,342	(14,205,679)
	Interest expense / (interest income)	12,846,367	16,278,032
	Derivatives	936,371	4,460,148
	(Dividends)	(52,236,218)	(45,192,926)
1	**Profit (loss) for the year before income taxes, interest, dividends and gains / losses from disposal**	**22,682,947**	**923,391**
	Adjustments for non-monetary items that have no offsetting entry in net working capital		
	Provisions	44,227,375	23,396,215
	Provision of employee severance indemnities	215,414	191,775
	Amortisation and depreciation	100,404,970	102,952,717
	Write-down / write-up of equity investments and derivatives	6,000,000	-
	Other impairment losses	1,859,581	1,129
	Value adjustments to derivative financial assets and liabilities that do not entail monetary movements	(420,515)	5,494,312
	Other adjustments for non-monetary items	-	-
	Net effect of merger	-	-
2	**Cash flow before changes in net working capital**	**174,969,772**	**132,959,539**
	Changes in net working capital		
	Decrease (increase) in inventories	(50,326,780)	120,186,996
	Decrease (increase) in trade receivables	(7,046,997)	(30,624,110)
	Decrease (increase) of receivables from Group companies	(106,450,583)	(11,503,437)
	Increase (decrease) in trade payables	58,417,728	(186,096,084)
	Increase (decrease) of payables to Group companies	29,658,910	(7,284,624)
	Decrease (increase) in prepayments and accrued income	1,284,204	2,244,284
	Increase (decrease) in accruals and deferred income	(3,155,829)	3,089,479
	Other changes in net working capital	29,965,876	80,881,809
3	**Cash flow after changes in net working capital**	**127,316,301**	**103,853,852**
	Other adjustments		
	Interest received / (paid)	(31,750,747)	(20,771,442)
	(Income taxes paid)	-	-
	Dividends collected	52,236,218	45,192,926
	(Use of funds)	(31,962,168)	(77,469,012)
	(Severance indemnities paid)	(1,112,238)	(625,638)
	Total cash flows from operating activities (A)	**114,727,366**	**50,180,686**

		YEAR 2024	YEAR 2023
B	**Cash flows from investing activities**		
	Property, plant and equipment		
	(Investments)	(33,025,675)	(33,452,149)
	Disposal price	-	3,316,714
	Intangible assets		
	(Investments)	(18,330,636)	(19,963,223)
	Disposal price	-	-
	Financial assets		
	(Investments)	(228,081,583)	(336,691,154)
	Disposal price	6	153
	Current financial assets		
	(Investments)	-	-
	Disposal price	(7,148,836)	3,306,649
	Total cash flows from investing activities (B)	**(286,586,724)**	**(383,483,010)**
C	**Cash flows from financing activities**		
	Third-party funds		
	Increase (decrease) in short-term payables + other than to banks	92,773,197	246,554,868
	Increase (decrease) in financial payables to subsidiaries	90,577,132	27,343,651
	Own funds		
	(Dividends (and advances on dividends) paid)	(27,108,002)	(38,854,803)
	Total cash flows from financing activities (C)	**156,242,327**	**235,043,716**
	Increase (decrease) in cash and cash equivalents (A + - B + - C)	**(15,617,031)**	**(98,258,608)**
	Cash and cash equivalents at year-start	**54,669,699**	**152,928,307**
	Cash and cash equivalents at year-end	**39,052,668**	**54,669,699**

The Company has prepared the Statement of Cash Flows, which reconciles the main changes in the Company's equity and changes in financial position during the year. It highlights the values of the financial resources that the Company required in the year, as well as their use.
It should be noted that in preparing the Statement of Cash Flows, pursuant to OIC 10, the Company has adopted the indirect method whereby profit for the year is adjusted for non-monetary components.

NOTES TO THE FINANCIAL STATEMENTS OF LUIGI LAVAZZA S.P.A.

LAVAZZA GROUP

SUSTAINABLE PRINT

SINGLE PAGE PRINT

STRUCTURE AND CONTENTS

These Financial Statements, composed of the Balance Sheet, Statement of Profit or Loss, Statement of Cash Flows and the Notes to the Financial Statements, have been prepared in accordance with Legislative Decree No. 127 of 9 April 1991, as amended by Legislative Decree No. 6 of 17 January 2003 and Legislative Decree No. 139 of 18 August 2015. They provide a fair and true representation of the Company's financial position, operating performance and cash flows for the year.
The Directors' Single Report on Operations in the previous pages accompanies these Financial Statements.
The financial statements have been prepared in compliance with Articles 2423-ter, 2424, 2424-bis, 2425, 2425-bis, 2425-ter of the Italian Civil Code. Figures are stated in units of Euro.
The Notes to the Financial Statements provide the information required by Articles 2427 and 2427-bis of the Italian Civil Code.
Amounts are denominated in units of Euro, unless stated otherwise in the comments of the related financial statement items.
Items omitted from the financial statements are understood to have nil balances in both the reporting year and the previous year.

ACCOUNTING STANDARDS APPLIED FROM 1 JANUARY 2024

OIC 34 – Revenues – First Application

On 19 April 2023, the Board of Directors of the Italian Accounting Standard Setter (OIC) approved the accounting standard OIC 34 on revenues that incorporates the amendments made following the consultation phase. OIC 34 applies to financial statements of financial years starting on or after 1 January 2024. In addition to more precisely reorganising elements already included in other standards (mainly OIC 15 – *Receivables* and OIC 12 – *Composition and Presentation of Financial Statements*), the new standard provides for guidance on matters that were not previously covered. OIC 34 applies to all transactions that require recognition of revenues from the sale of goods and the provision of services, regardless of their classification in the Statement of Profit or Loss, whereas it does not apply to disposals of business units, revenues from leases, patronage and contract work in progress (for which OIC 23 will continue to apply), as well as to transactions that do not have a commercial purpose.

The accounting model introduced by the new standard consists of the following stages:

- determination of the overall contract value;
- identification of the elementary accounting units that can be distinctly identified in the contract;
- valorisation of the elementary accounting units;
- recognition of revenues when the elementary accounting unit is fulfilled by the entity, taking into account the fact that services may not be rendered at a specific point in time, but over a period of time.

In order to identify the potential FTA impacts of the new provisions, the Company conducted an analysis, the outcome of which led to the definition of the following significant effects due to the adoption of the new standard:

- considering the amounts paid to customers as discounts, and thus recognising them as a deduction from the overall contract value. Conversely, amounts paid to customers for services received and included in the same contract shall be accounted for as an expense.
  Additional consideration (e.g., incentives and performance bonuses) is included in the overall sales contract value only when they become reasonably certain (consideration linked to performance is recognised only when it is verified);
- allocation of the overall contract value in case of multiple elementary accounting units: the value is allocated to each elementary accounting unit based on the ratio of the selling price of the individual elementary accounting unit to the sum of the selling prices of all elementary accounting units included in the contract;
- revenue recognition: revenues of individual elementary accounting units referring to the sale of goods are recognised when all of the following conditions are met:
  - the risks and rewards associated with the sale are substantially transferred;
  - the amount of revenues can be reliably determined;
  - the production process of goods has been completed.

BASIS OF PREPARATION AND MEASUREMENT

The Financial Statements for the year ended 31 December 2024 have been prepared in compliance with the Italian Civil Code, interpreted and supplemented by the accounting standards drawn up and revised by the Italian Accounting Standard Setter (OIC) as amended and extended by Legislative Decree No. 139/2015 of 1 January 2016 and, in the absence of the former, and where no conflict exists, the standards issued by the International Accounting Standards Board (IASB).
In accordance with Articles 2423 and 2423-bis of the Italian Civil Code, the Financial Statements have been prepared on the basis of the going concern assumption, according to the general principles of prudence, accrual basis accounting and materiality, while taking account of the prevalence of the substance of a transaction or contract.
The criteria applied in measuring line items and determining adjustments are consistent with the provisions of the Italian Civil Code and are primarily set out under Article 2426.

The most significant measurement criteria adopted are illustrated below.

INTANGIBLE ASSETS

Intangible assets are recognised at purchase or production cost, including ancillary charges and directly attributable costs, adjusted in prior years for revaluations pursuant to Laws Nos. 408/1990, 342/2000, 350/2003 and 266/2005.
The cost of intangible assets is systematically amortised on a straight-line basis each year, considering the residual useful life of the asset. The rates applied are set out in the section of the Notes on Assets.

The following table shows the useful lives of intangible assets:

	2024
Start-up and expansion costs	5 years
Industrial patent rights	5-8-10 years
Rights to use intellectual property	3 years
Licenses and similar rights	5 years
Know-how	20 years
Trademarks	9-13-10-20 years
Goodwill	10-20 years
Key money	lease period
Other	3-5-7 years
Restructuring fees	20 years

START-UP AND EXPANSION COSTS

Start-up and expansion costs, where present, have been recognised among assets with the consent of the Board of Statutory Auditors and are amortised over a period of no more than five years.

DEVELOPMENT COSTS

Development costs involve a plan or project for the production of new products or processes and are amortised based on their useful lives; in exceptional cases in which it is not possible to estimate their useful lives, they are amortised over a period of no more than five years.
Development costs are recognised among assets with the consent of the Board of Statutory Auditors only if: (i) the cost attributable to the asset during its development can be reliably measured; (ii) the product or the process is feasible from a technical and commercial standpoint; and (iii) it is probable that there will be future economic benefits and there are sufficient resources to complete the development.

RIGHTS FOR INDUSTRIAL PATENTS AND RIGHTS FOR EXPLOITATION OF INTELLECTUAL PROPERTY

Patents have been recognised among assets at purchase or internal production cost, including any additional costs incurred for administrative and application procedures, and are amortised according to their useful lives, which may not, in any event, exceed the legal or contractual limit.

CONCESSIONS, LICENCES, TRADEMARKS AND SIMILAR RIGHTS

Concessions, licences, trademarks and similar rights, where purchased for consideration, are recognised among assets at the price paid by the Company to obtain them and are amortised according to their useful lives, which may not, in any event, exceed the legal or contractual limit and can never exceed 20 years.

GOODWILL

Goodwill is recognised among assets, with the consent of the Board of Statutory Auditors, if it is purchased for consideration, and is amortised according to its useful life.
The Company has exercised the option for prospective application, pursuant to Article 12, paragraph 2, of Legislative Decree No. 139/2015, of the changes to the method for determining the amortisation period of goodwill.
Consequently, goodwill recognised prior to the financial year beginning on 1 January 2016 has been amortised over a period of no more than five years or, where the useful life was greater, over a period of no more than 20 years.
Goodwill recognised on or after 1 January 2016 has been amortised according to its useful life, with a maximum limit of 20 years, and over a period of no more than ten years when its useful life cannot be estimated reliably.

FIXED ASSETS IN PROGRESS AND ADVANCES

Fixed assets in progress and advances include intangible assets in progress, initially recognised on the date on which the Company incurs the first (internal and external) costs for the production of the asset and advances to suppliers towards the purchase of intangible assets, initially recognised when the obligation to pay the amounts concerned arises. Such costs continue to be carried as fixed assets until ownership of the right is acquired or the project is completed. When these conditions occur, the amounts in question are classified to the appropriate item of intangible assets.

TANGIBLE ASSETS

Tangible assets are recognised at purchase or internal production cost, revalued where required, in compliance with the monetary revaluation laws, as indicated in the relevant table.
Purchase costs for goods acquired from third parties include ancillary charges and direct and indirect costs, to the extent reasonably attributable to the asset, from the period of production and for its remaining useful life.
Assets acquired through contribution or merger are recognised at the contribution value established in the pertinent documents on the basis of the related appraisal.
The cost of internally produced assets includes all costs directly attributable to the asset, in addition to the share of general production costs reasonably attributable to the asset with regard to the production period, until the asset is ready for use.
Ordinary maintenance costs are recognised to the statement of profit or loss for the financial year in which they are incurred.
The costs of improvements and incremental expenses, including extraordinary maintenance costs, in addition to the costs of leasehold improvements capable of being separated from the assets in question, which give rise to a significant, measurable increase in the capacity, productivity or security of the assets, or which extend their useful lives, qualify as capitalisable costs and are accounted for as an increase in the value of the assets to which they refer, within the limits of the recoverable amount of the asset.
Tangible assets are systematically depreciated each year on a straight-line basis. Depreciation is based on economic and technical rates taking account of the remaining useful lives of the assets. The rates applied are indicated in the Notes on Assets.
If an element of tangible assets is made up of different components with different useful lives, such components are recognised separately only if they are significant components.
Land is not subject to the depreciation process.

The following table shows the useful lives of tangible assets:

	2024
Buildings	60 years
Civil buildings	80 years
Light buildings	15 years
Canteen equipment and espresso machines	4 years
Generic and café equipment	2 years and 6 months
Specific furnishings	10 years
Generic furnishings	8 years and 4 months
Generic plant and machinery	20-25 years
Specific plant	8 years and 4 months
High-tech plant and machinery	10-15 years
Electronic office equipment	5 years
Espresso machines for the Ho.Re.Ca. sector	4 years
FOL close system machines	5-6 years
Moulds	3-5-7 years
Iron silos	25 years
Trucks	12 years
Motor cars	8 years

ASSETS HELD FOR SALE AND OBSOLETE ASSETS

When it is decided to dispose of a tangible asset, the latter is reclassified to current assets and then measured at the lesser of its net carrying amount and the presumed realisable value based on market performance, i.e., the selling price in the course of normal operation, net of direct selling and disposal costs. Moreover, assets intended for sale are no longer subject to depreciation.
Obsolete assets and, more generally, assets that will no longer be used or useable in the production cycle on a permanent basis, are measured at the lesser of net carrying amount and recoverable amount, and are no longer subject to depreciation.

GRANTS TOWARDS TANGIBLE AND INTANGIBLE ASSETS

Grants are recognised when it is reasonably certain that the conditions for receipt of the grant have been met and the grants will be disbursed.
They are accounted for according to the indirect method, whereby a grant indirectly reduces the cost of the fixed assets to which it refers, by booking them to item A5 "Other income and revenues" of the statement of profit or loss, and then deferred to subsequent years by recognising deferred income. Amortisation and depreciation of fixed assets are therefore calculated on the basis of the value of the assets, gross of the grants received.

IMPAIRMENT LOSSES ON FIXED ASSETS

At each reporting date, the Company assesses whether there are any indications that tangible and intangible assets (including goodwill) may have become impaired.
If such signs exist, the carrying amount of the asset is reduced to its recoverable amount, determined as the greater of fair value, net of costs to sell and value in use. Fair value is represented, firstly, by a price arising from a binding sale agreement in a transaction between independent counterparties, net of the costs directly attributable to the sale. In the absence of a binding agreement, it is verified whether there is a current offering price in an active market. If there is no binding sale agreement or market of reference, fair value is based on the best information available to the entity that reflects the net amount that could be realised from sale, at the reporting date, in a free transaction between informed, willing parties. When the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. The value in use of an asset is calculated by determining the present value of the expected future cash flows over a 3-5 year time horizon, according to a discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset. An impairment loss is recognised if the recoverable amount is less than the net carrying amount.
Impairment losses are reversed if the grounds for recognising them no longer apply. The amount of the reversal cannot exceed the value that would have resulted if the impairment loss had never been recognised. No reversals are recognised on goodwill and capitalised expenses.

FINANCE LEASES

The accounting treatment of lease transactions is consistent with the customary statutory practice in Italy (so-called "equity method") and involves the recognition of lease payments in the statement of profit or loss as they accrue.
The adoption of the finance lease method would have entailed the recognition in the statement of profit or loss, in lieu of lease payments, of interest on the residual principal of the financing and the depreciation charges on the value of the leased property, commensurate to the remaining useful life of that property, as well as the recognition of the leased property as an asset and the remaining debt as a liability.
Pursuant to Article 2427, paragraph 1(22), of the Italian Civil Code, these Notes include information about the effects of the adoption of the finance lease method:

- the total amount at which the leased assets would have been carried at the reporting date, had they been considered fixed assets;
- the depreciation, impairment and reversals that would have accrued during the year;
- the present value of future lease payments, determined using the effective interest rate of the finance lease agreement;
- the financial expense accrued during the year, determined according to the effective interest rate.

INVESTMENTS AND FINANCIAL RECEIVABLES

INVESTMENTS

These are equity interests in other companies and they are divided into investments in subsidiaries and associates, as defined in Article 2359 of the Italian Civil Code, and equity investments in other companies.
These are measured at cost, represented by the purchase price, the sums paid for subscription or the value attributed to the contributed assets, including ancillary costs.

Investments intended to be held for the long term are recognised among financial assets.

Investments are reviewed in order to determine the operating performance and financial position of the investees. Such analyses are essentially based on the results achieved by the investees and their equity, as stated in their most recent financial statements available.
If the difference between the cost and the interest in equity held indicates that an investment has become impaired, it is written down accordingly. Cost is normally reduced if an investee has recorded a loss or the value of an investment has otherwise decreased and profits or other favourable events sufficient to cover the losses are not expected in the near future. If the reasons for impairment subsequently cease to exist, the original value is reversed.

Investments not classified as fixed assets are measured at the lesser of purchase cost and realisable value according to market trends.

FINANCIAL RECEIVABLES

Pursuant to Article 12, paragraph 2, of Legislative Decree No. 139/2015, the Company has opted for prospective application of the new basis of measurement for receivables at amortised cost and the discounting of receivables.
Consequently, financial receivables recognised prior to 1 January 2016 are carried at their nominal value, adjusted for impairment losses, if any. If the reasons for impairment subsequently cease to exist, the value is reversed up to the original value.

Financial receivables recognised on or after 1 January 2016 are measured at amortised cost, taking account of the time factor and their presumed realisable value.
Transaction costs, commissions payable and receivable, where applicable, and all differences between the initial value and nominal value at maturity are included in the calculation of amortised cost by using the effective interest criterion over the expected duration of the receivable.

It is possible not to apply the amortised cost criterion to receivables when its application is not material to a true and fair representation. The Company has exercised this option for these financial statements.

INVENTORIES

Inventories are recognised at the lesser of either purchase and/or production cost and expected realisable value based on market trends, taking into account the related ancillary selling costs.

The cost of inventories, measured based on the average cost for homogeneous category, includes directly connected ancillary charges. The production cost includes directly attributable costs and the reasonably attributable share of indirect production costs, with the inclusion of financial expense up to the limit of the realisable value of the asset.

In order to adequately represent the value of inventories in the financial statements, and to take into consideration the impairment losses of obsolete and slow-moving material, an obsolescence allowance on inventories has been recognised, which is directly deducted from the value of inventories.

The inventory write-down provision reflects the Company's estimate of expected impairment losses, as determined in light of past experience, as well as the historic trend and the expected market trend, including following specific actions undertaken by the Company.

RECEIVABLES AND PAYABLES

Pursuant to Article 12, paragraph 2, of Legislative Decree No. 139/2015, the Company has opted for prospective application of the new basis of measurement for receivables at amortised cost and the discounting of receivables.
Consequently, receivables recognised prior to the year beginning on 1 January 2016 are carried at their presumed realisable value, which corresponds to the difference between the nominal amounts of the receivables, adjusted by bad debt provisions, which are directly deducted from the items to which they refer, whereas payables are carried at their nominal values.

Receivables and payables recognised on or after 1 January 2016 are measured at amortised cost, considering the time factor and, in the case of receivables, their presumed realisable value.

The value at initial recognition is represented by the nominal value, net of all premiums, discounts, allowances and any costs directly attributable to the transaction that gave rise to the receivable or payable.

Transaction costs, commissions payable and receivable, where applicable, and all differences between the initial value and nominal value at maturity are included in the calculation of amortised cost by using the effective interest method over the duration of the receivable in question.

It is possible not to apply the amortised cost criterion when its application is not material to a true and fair representation.

It should be noted that the Company exercised this option exclusively for trade receivables and payables, which generally do not present significant initial transaction costs.

The estimate of the provision for the write-down of receivables, recognised as a deduction from the latter, is based on the Company's expected impairment losses, as determined in light of past experience and also prospectively considering the probability of counterparty's insolvency, the loss rate in case of insolvency and the exposure accrued at the moment of default.
Receivables/payables are classified as due within or after one year based on their contractual maturity.

Any factored receivables are derecognised if, and only if, essentially all risks associated with the receivable have been transferred. Otherwise, they continue to be carried forward, and a financial liability of equal amount is recognised to account for the advance received.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are recognised at nominal value. Any amounts in foreign currencies are measured at the current exchange rate at year-end.

ACCRUALS AND DEFERRALS

Accruals and deferrals include portions of costs and revenues common to two or more consecutive financial years whose amount is determined using the accruals concept.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are allocated to cover losses or liabilities of a stated nature or certain or probable existence, the amount or date of which could not be identified at year-end. Provisions reflect the best possible estimate on the basis of available elements.
Risks for which it is merely possible that a liability will emerge are disclosed in the Notes, without recognising an accrual to a provision for risks and charges.

PROVISIONS FOR PENSION AND SIMILAR BENEFITS

Provisions for pension and similar benefits represent amounts set aside for supplementary pension benefits, other than employee termination indemnities, and one-off indemnities due to employees and independent contractors by law or contract.

PROVISIONS FOR TAXES, INCLUDING DEFERRED

The item refers to liabilities for probable taxes, the amount or date of payment of which is unknown on the basis of assessments or disputes with the tax authorities. The provision for deferred taxes includes deferred income tax liabilities due to temporary differences between statutory profit and taxable profit.

EMPLOYEE TERMINATION INDEMNITIES

The provision is determined according to applicable legislation and collective and supplementary company labour contracts. Law No. 296 of 27 December 2006 (the 2007 Financial Law) introduced the rules for employee termination indemnities accrued from 1 January 2007. As a result of the supplementary pension reform:

- employee termination indemnities accrued up to 31 December 2006 remained with the Company;
- employee termination indemnities accrued from 1 January 2007, at the employee's discretion, have been allocated to supplementary pension schemes or kept with the Company, which has transferred the indemnities to the Treasury Fund established by the INPS.

Indemnities accrued from 1 January 2007 continue to be booked to item B9 C) "Employee termination indemnities". Item C "employee termination indemnities" of the Balance Sheet represents the residual provision carried at 31 December 2006, revalued as appropriate in accordance with the law. Item D13 "Social security liabilities" includes the amount accrued at year-end in respect of the share of employee termination indemnities still to be paid to pension funds and social security institutions.

COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

Operating events that, despite not having a quantitative influence on assets and liabilities or profit or loss when recognised, could have effects at a later date, are disclosed at the end of the Notes. Such items are recognised at their nominal value or the actual commitment.

NET REVENUES AND COSTS

Net revenues are recognised on an accrual basis, net of returns, allowances, discounts and premiums, as well as taxes directly associated with them, pursuant to Article 2425-bis of the Italian Civil Code. The overall contract value, where deemed necessary as it was relevant, was allocated to each elementary accounting unit in accordance with the new provisions of OIC 34.

Il The accounting model introduced by the new standard consists of the following stages:

- determination of the overall contract value;
- identification of the elementary accounting units that can be distinctly identified in the contract;
- valorisation of the elementary accounting units;
- recognition of revenues when the elementary accounting unit is fulfilled by the entity, taking into account the fact that services may not be rendered at a specific point in time, but over a period of time.

In order to identify the potential FTA impacts of the new provisions, the Company conducted an analysis, the outcome of which led to the definition of the following significant effects due to the adoption of the new standard:

Consideration paid to customers:

- the overall contract value can be inferred from the contractual clauses. When determining the overall contract value, account is also taken of the amounts paid to customers as discounts, and thus recognising them as a deduction from the overall contract value. Conversely, amounts paid to customers for services received and included in the same contract shall be accounted for as an expense;
- additional consideration (e.g., incentives and performance bonuses) is included in the overall sales contract value only when it becomes reasonably certain. The Company assesses whether additional consideration is reasonably certain on the basis of the historical experience, the contractual elements and forecast data.

Identification of the elementary accounting units:

The entity preparing the financial statements shall first analyse the sales contract in order to determine the elementary accounting units. After having determined said elementary accounting units, it shall then valorise each of them by allocating the overall contract value to each of the elementary accounting units identified. The overall contract value is allocated to each elementary accounting unit based on the ratio of the selling price of the individual elementary accounting unit to the sum of the selling prices of all elementary accounting units included in the contract.

Recognition of revenues for the elementary accounting units:

- revenues of elementary accounting units referring to the sale of goods are recognised when all of the following conditions are met: a) the risks and rewards associated with the sale are substantially transferred; and b) the amount of revenues can be reliably determined. Rewards are substantially transferred when the company transfers to the counterparty the power to decide on the use of the asset and to finally obtain the related rewards. Rewards shall be construed as the possible cash flows that can be obtained directly or indirectly from the asset. Therefore, rewards are transferred to the customer when the latter can dispose of them freely, reselling them in full and total autonomy, leasing or using them in its own production;
- revenues of individual elementary accounting units referring to the provision of services are recognised in the statement of profit or loss based on the progress of the said provision and if the following conditions are met: (a) the agreement between the parties provides that the seller's right to consideration accrues as the service is rendered; and (b) the amount of revenue accruing can be measured reliably. If these conditions are not met, revenues for the service rendered are recognised in the statement of profit or loss when the service has been fully rendered.

Costs and expenses are recognised on an accrual basis, net of adjusting entries such as returns, discounts, allowances and premiums and any changes in estimates.

DIVIDENDS

Dividends are recognised in the year in which the investee resolves on dividend distribution.

FINANCIAL INCOME AND EXPENSE

All financial income and expense associated with the Company's financial operations are recognised on an accrual basis. Gains and losses on the translation of items in foreign currencies are booked to item C.17-bis "Exchange gains and losses" of the Statement of Profit or Loss.

INCOME TAXES FOR THE YEAR

Income taxes are recognised according to an estimate of taxable income in application of tax laws in force, while taking account of applicable exemptions and tax credits to which the Company is entitled.
The Company participates in the national tax consolidation programme pursuant to Articles 117 and 129 of the Consolidated Law on Income Taxes (TUIR). The parent company, Finlav S.p.A., acts as consolidating company and calculates a single taxable profit or loss for the group of companies participating in tax consolidation, which thus benefit from the ability to set off taxable profit against tax losses in a single return.
If the Company contributes all of its taxable profit to tax consolidation, it recognises a payable to the parent company equal to the corporate income tax (IRES) to be paid, as determined according to the consolidation contract.
Being part of the Finlav Group, Lavazza Group is subject to the application of the "Pillar Two Model" rules published by the OECD (Organisation for Economic Co-operation and Development): these rules apply to multinational enterprises with turnover in excess of €750 million at the consolidated level and aim to ensure a minimum level of taxation in multinational groups.
According to the said rules, Lavazza Group shall calculate its effective tax rate for each jurisdiction where it operates, and pay top-up tax for the difference between its effective tax rate per jurisdiction and the 15% minimum rate.
The UPE (Ultimate Parent Entity) is the Italian company Finlav S.p.A. that will also submit the GloBE Information Return (GIR).
Companies within the Italian jurisdiction, including Luigi Lavazza S.p.A., may benefit from the application of the Transitional Safe Harbours. The assessments performed identified no charges due in 2024 as global minimum tax.

The allocation of current IRAP (regional production tax) is recognised under "Tax receivables" in the Balance Sheet, if prepayments exceed the tax liability for the year, or under "Deferred tax liabilities" in the opposite case.

Deferred tax assets and liabilities are calculated based on temporary differences between the carrying amounts of assets and liabilities according to Italian GAAP and their value for tax purposes. Such assets and liabilities are measured by taking account of the tax rate that the Company is expected to bear in the year in which the differences concerned will contribute to taxable profit or loss, considering the tax rates in effect or already enacted at the reporting date.
Deferred tax assets are recognised for all deductible temporary differences, based on the prudence principle, when there is reasonable certainty of taxable income of no less than the amount of the differences to be offset during the years in which those differences will be reversed.
Deferred tax liabilities are instead recognised on all taxable temporary differences.
Deferred tax liabilities on tax-suspended reserves and provisions are recognised when it is expected that the reserves will be distributed or otherwise used, and the distribution or use of the same will give rise to tax charges.

TRANSFER PRICING

The prices applied in intra-group transactions were determined in accordance with international best practices, the OECD Transfer Pricing Guidelines and Italian legislation, as reported by the Company in its Master File and the National Documentation prepared pursuant to the Order of the Italian Revenue Authority of 23 November 2020.
In detail, it bears recalling that in 2021 the Company had signed an Advance Transfer Pricing Agreement (APA) with the Italian Revenue Agency for the 2021-2025 five-year period concerning the methods and criteria for calculating the fair market value of the assets transferred to its European subsidiaries. The aforementioned Agreement is the result of the renewal of the previous Agreement for the three years 2013, 2014 and 2015, subsequently further renewed for the five-year period 2016-2020.
Intra-group transactions with the German subsidiary Lavazza Deutschland G.m.b.H. were subject to a separate bilateral procedure between Italy and Germany (Bilateral Advance Pricing Agreement) pursuant to Article 31-*ter* of the Presidential Decree No. 600 of 29 September 1973 and Article 26 of the Convention between Italy and Germany concerning the 2014-2018 tax periods, renewed in 2022 for the 2019-2023 five-year period and subsequently for the 2024-2028 tax periods.
In addition, an application relating to the Italy-US Bilateral Advance Transfer Pricing Agreement was submitted in 2023 pursuant to Article 31-*ter* of the Presidential Decree No. 600 of 29 September 1973 and Article 25 of the Convention between Italy and the United States relating to transactions concerning Luigi Lavazza S.p.A. and Lavazza North America Inc. for the 2022-2026 period, and is currently being discussed; the procedure also covers 2021.

CURRENCY CONVERSION CRITERIA

Transactions in currencies other than the Euro are recognised at the spot exchange rate.
Assets and liabilities in currencies other than the Euro, except non-monetary assets and liabilities (i.e., inventories, tangible and intangible assets, as well as investments and non-current securities), are analytically adjusted to the exchange rate at year-end, directly recognised through profit or loss. Any net gains arising from the year-end exchange rate adjustment for items in foreign currency contribute to the formation of the net result for the year and, upon approval of the financial statements and proposal for the allocation of the result, are recognised in a restricted reserve until the profit is realised.

DERIVATIVES

In the course of its business, the Company is exposed to the following market risks:

- Interest rate risk: this risk is tied to the variability of interest rates payable on floating-rate financing and lease contracts, driven by the fluctuation of market interest rates (Euribor);
- Exchange risk: this risk is tied to the variability of revenues and costs denominated in foreign currencies, driven by the fluctuation of the exchange rates between the Euro and the respective foreign currencies; at present, the main exposure to foreign-exchange risk relates to the risk tied to purchases of green coffee denominated in U.S. Dollars (USD);
- Price risk: the risk associated with the variability of the cost for purchasing green coffee, driven by the performance of market coffee prices quoted on the major international markets.

In this framework, the Company regularly enters into derivatives (interest rate swaps, FX forwards, FX options, commodity futures, commodity forwards and swaps, and commodity options) with the aim of mitigating its exposure to the risks described, in accordance with the established risk management objectives and strategies, formally defined in the Group's policies and procedures.
Within the framework of Italian GAAP (OIC), the accounting treatment of derivatives is subject to OIC 32 – *Derivatives*, which contains specific provisions that govern the representation in the financial statements of transactions entered into for hedging purposes (i.e., hedge accounting).
In accordance with OIC 32, the general rule that applies to the accounting treatment of derivatives calls for representation in the balance sheet at fair value, with changes in value recognised periodically in the statement of profit or loss.
If the derivatives have been entered into for hedging purposes and certain formal and substantive requirements have been met (the hedging relationship is documented and the efficacy of the hedge has been periodically proved), hedge accounting may be applied. In essence, the purpose of hedge accounting is to align the timing and approach to recognising the economic effects of hedging derivatives with those of the underlying hedged transactions.
Interest rate risk management currently involves the use of interest rate swap (IRS) contracts, whereby the interest rates on the underlying liabilities (loans or leases) are transformed from floating to fixed.
Derivatives contracted to hedge against interest rate risk pursue the objective of fixing the expected value of the future interest flows generated by the underlying liabilities. Accordingly, for the purposes of OIC 32, they qualify for cash flow hedge accounting treatment.

The hedging relationship is formally designated when the hedging instrument is contracted and is maintained until the maturity of the contract, unless the hedge is renegotiated or unwound in advance.
A hedging instrument is designated for accounting purposes for its full fair value. Consequently, the full fair value of such instruments is considered when determining the effective portion of the hedge to be recognised in equity, according to cash flow hedging rules.

Foreign exchange risk is managed in the case of both the primary source of exposure, i.e., purchases of green coffee denominated in US Dollars, and sales in foreign currencies on various international markets (directly to customers/distributors or indirectly through trading companies).
The Company avails itself of the following types of derivatives to mitigate this risk: FX forwards, FX options and option structures.
Price risk is managed in the case of the exposure resulting from the purchases of green coffee, the price of which is fixed with commodity suppliers on the basis of market quotations for coffee futures contracts on the major international exchanges.
Raw material purchasing costs are therefore exposed to the risk of fluctuation of prices on the futures market of reference until the date of the fixing of the benchmark price with the supplier, when all components of the purchase price become known and are no longer subject to modification.
The Company avails itself of the following types of derivatives to mitigate this risk: commodity futures, commodity forwards and swaps, commodity options and option structures.
In the tables on derivatives reported in this document, notional values are expressed in Euro at the date contracts on such instruments were entered into.

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

BALANCE SHEET - ASSETS

FIXED ASSETS

INTANGIBLE FIXED ASSETS

The following table reports changes in intangible fixed assets:

BALANCE SHEET ITEMS	BALANCE AT 01/01/2024	INCREASES	RECLASSIFICATION	(DECREASES)	BALANCE AT 31/12/2024
Development costs					
Gross value	22,188,113	15,300	260,917	-	22,464,330
Write-ups	-	-	-	-	-
(Write-down provision)	(635,977)	(105,397)	-	-	(741,374)
(Accumulated amortisation)	(15,310,161)	(2,145,851)	-	-	(17,456,012)
Net value	**6,241,975**	**(2,235,948)**	**260,917**	**-**	**4,266,944**
Industrial patent and intellectual property rights					
Gross value	18,351,336	-	-	-	18,351,336
Write-ups	-	-	-	-	-
(Write-down provision)	-	-	-	-	-
(Accumulated amortisation)	(5,196,064)	(1,952,889)	-	-	(7,148,953)
Net value	**13,155,272**	**(1,952,889)**	**-**	**-**	**11,202,383**
Concessions, licenses and similar rights					
Gross value	188,426,905	132,838	4,162	-	188,563,905
Write-ups	-	-	-	-	-
(Write-down provision)	-	-	-	-	-
(Accumulated amortisation)	(88,173,663)	(8,819,248)	-	-	(96,992,911)
Net value	**100,253,242**	**(8,686,410)**	**4,162**	**-**	**91,570,994**
Trademarks					
Gross value	162,521,986	-	-	-	162,521,986
Write-ups	303,949,656	-	-	-	303,949,656
(Write-down provision)	(3,623,965)	-	-	-	(3,623,965)
(Accumulated amortisation)	(374,170,577)	(7,546,848)	-	-	(381,717,425)
Net value	**88,677,100**	**(7,546,848)**	**-**	**-**	**81,130,252**
Goodwill					
Gross value	372,249,518	-	-	-	372,249,518
Write-ups	-	-	-	-	-
(Write-down provision)	(4,894,056)	-	-	-	(4,894,056)
(Accumulated amortisation)	(149,739,754)	(17,939,994)	-	-	(167,679,748)
Net value	**217,615,708**	**(17,939,994)**	**-**	**-**	**199,675,714**
Intangible assets in progress and advances					
Gross value	10,130,268	18,060,312	(13,455,012)	-	14,735,568
(Write-down provision)	-	(1,216,169)	-	1,216,169	-
Net value	**10,130,268**	**16,844,143**	**(13,455,012)**	**1,216,169**	**14,735,568**
Other intangible assets					
Gross value	153,001,304	122,186	13,189,933	(9,998)	166,303,425
Write-ups	-	-	-	-	-
(Write-down provision)	-	-	-	-	-
(Accumulated amortisation)	(70,584,572)	(18,242,052)	-	-	(88,826,624)
Net value	**82,416,732**	**(18,119,866)**	**13,189,933**	**(9,998)**	**77,476,801**
Total intangible assets					
Gross value	926,869,428	18,330,636	-	(9,998)	945,190,066
Write-ups	303,949,656	-	-	-	303,949,656
(Write-down provision)	(9,153,999)	(1,321,566)	-	1,216,169	(9,259,396)
(Accumulated amortisation)	(703,174,788)	(56,646,882)	-	-	(759,821,670)
Net value	**518,490,297**	**(39,637,812)**	**-**	**1,206,171**	**480,058,656**

The €18,060,312 increase in "intangible assets in progress and advances" referred to advances on ongoing orders relating to new software with a duration of several years and to the research and development of new coffee machine models; the €13,455,012 reclassification was mainly attributable to: (i) for €13,163,993 to IT costs relating to the development of software projects for long-term use; (ii) for €25,940 to the capitalisation of costs for the maintenance of third-party buildings; (iii) for €260,917 to costs for studies relating to new coffee machine models.

The useful life of the intangible fixed assets acquired with the Carte Noire business unit has been estimated at 20 years. This assessment is supported by the leading position of the Carte Noire brand in France and the sector of reference, which is stable and does not present particular factors of technological obsolescence.
As regards the restructuring fee, the estimated useful life of 20 years was calculated on the basis of the related sector, which showed a stable growth of the OCS channel.

TANGIBLE ASSETS

Movements in property, plant and equipment and their accumulated depreciation are given in the following table:

BALANCE SHEET ITEMS	BALANCE AT 01/01/2024	INCREASES	RECLASSIFICATION	(DECREASES)	BALANCE AT 31/12/2024
Land and buildings					
Gross value	110,636,752	56,200	670,682	-	111,363,634
Write-ups	35,220,715	-	-	-	35,220,715
(Write-down provision)	(6,851,645)	-	-	-	(6,851,645)
(Accumulated depreciation)	(60,013,934)	(1,980,307)	-	-	(61,994,241)
Net value	**78,991,888**	**(1,924,107)**	**670,682**	**-**	**77,738,463**
Plant and machinery					
Gross value	604,300,244	1,044,513	21,056,072	(39,428,784)	586,972,045
Write-ups	101,832,379	-	-	(5,408,604)	96,423,775
(Write-down provision)	(798,964)	(18,827)	-	102,188	(715,603)
(Accumulated depreciation)	(498,589,694)	(24,268,235)	-	39,727,118	(483,130,811)
Net value	**206,743,965**	**(23,242,549)**	**21,056,072**	**(5,008,082)**	**199,549,406**
Industrial and commercial equipment					
Gross value	186,929,078	11,732,009	783,371	(13,843,602)	185,600,856
Write-ups	1,165,417	-	-	(156,036)	1,009,381
(Write-down provision)	(5,287,840)	(437,921)	-	528,767	(5,196,994)
(Accumulated depreciation)	(153,540,386)	(14,801,734)	-	13,290,739	(155,051,381)
Net value	**29,266,269**	**(3,507,646)**	**783,371**	**(180,132)**	**26,361,862**
Other assets					
Furniture and fittings					
Gross value	26,183,081	322,740	37,757	(3,556)	26,540,022
Write-ups	-	-	-	-	-
(Write-down provision)	(16,633)	-	-	-	(16,633)
(Accumulated depreciation)	(20,361,233)	(1,416,807)	-	3,556	(21,774,484)
Net value	**5,805,215**	**(1,094,067)**	**37,757**	**-**	**4,748,905**
Means of transport					
Gross value	864,143	-	-	(5,939)	858,204
Write-ups	-	-	-	-	-
(Write-down provision)	-	-	-	-	-
(Accumulated depreciation)	(756,073)	(17,162)	-	5,939	(767,296)
Net value	**108,070**	**(17,162)**	**-**	**-**	**90,908**
Electronic machinery					
Gross value	28,092,264	1,380,406	129,300	(963,468)	28,638,502
Write-ups	-	-	-	-	-
(Write-down provision)	-	-	-	-	-
(Accumulated depreciation)	(24,610,684)	(1,273,843)	-	929,994	(24,954,533)
Net value	**3,481,580**	**106,563**	**129,300**	**(33,474)**	**3,683,969**
Net value of other assets	**9,394,865**	**(1,004,666)**	**167,057**	**(33,474)**	**8,523,782**

BALANCE SHEET ITEMS	BALANCE AT 01/01/2024	INCREASES	RECLASSIFICATION	(DECREASES)	BALANCE AT 31/12/2024
Tangible assets in progress and advances					
Gross value	18,852,202	18,489,807	(22,677,182)	-	14,664,827
Write-ups	-	-	-	-	-
(Write-down provision)	-	-	-	-	-
(Accumulated depreciation)	-	-	-	-	-
Net value	**18,852,202**	**18,489,807**	**(22,677,182)**	**-**	**14,664,827**
Total tangible assets					
Gross value	975,857,764	33,025,675	-	(54,245,349)	954,638,090
Write-ups	138,218,511	-	-	(5,564,640)	132,653,871
(Write-down provision)	(12,955,082)	(456,748)	-	630,955	(12,780,875)
(Accumulated depreciation)	(757,872,004)	(43,758,088)	-	53,957,346	(747,672,746)
Net value	**343,249,189**	**(11,189,161)**	**-**	**(5,221,688)**	**326,838,340**

During the year, the item "land and buildings" increased mainly for €56,200 in relation with the adjustment to the building located in Strada Settimo 390; the €670,682 reclassification referred to orders for improvements and refurbishing of the warehouse located in Strada Settimo 390 and adjustments to the Gattinara B Building.

The item "plant and machinery" increased: (i) by €1,044,513 as a result of purchases of industrial machinery and production equipment and (ii) by €21,056,072 reclassifications chiefly regarding upgrades and innovations on lines for an increasingly environmentally sustainable approach to consumption, by €5,735,404 at the Gattinara plant, by €2,668,248 in relation with a new Brambati roasting line, by €3,609,773 in relation with two packaging machines at the Settimo plant and by €1,688,455 for the revamping of packaging lines.

Net decreases, amounting to €5,008,082, referred to the disposal of obsolete production lines in favour of the new investments previously described.

The item "industrial and commercial equipment", which includes coffee machines and moulds held by third-party suppliers for the production of machine components, increased as a result of purchases for the year amounting to €11,732,009, chiefly relating to the installation of Firma machines in the OCS sector and of espresso machines at the cafés within the Food Service sector, in addition to reclassifications amounting to €783,371, attributable to the closing of advances for mould purchases.
Net decreases amounted to €180,132 and referred mainly to the disposal of espresso machines and Firma system capsule machines, as well as café equipment on free loan to customers for use.

The item "other assets" increased as a result of:

- purchases in the year of furniture and fittings for €322,740 and reclassifications for €37,757 mainly due to the purchase in the year of vintage cars and historical coffee makers, as well as furnishings for offices and the Headquarters;
- purchases of electronic machinery for €1,380,406 and reclassifications for €129,300, primarily relating to computers and IT equipment. The €33,474 net decrease related to the disposal of obsolete equipment.

The increase in "tangible assets in process and advances", amounting to €18,489,807, mainly referred to costs incurred for:

- capsule and R&G packaging lines, for €7,931,202
- adjustments to safety installations and systems and environmental cleaning for €2,456,212
- adjustments to and inspections of roasting plants for €1,541,169;
- the "ONE WAY" line for the reception of green coffee for €1,430,683;
- production equipment and moulds for €1,406,927
- the revamping of plants and equipment for €1,053,087
- inspections, adjustments to and efficiency-increasing works on lines, plants and machinery for €655,535

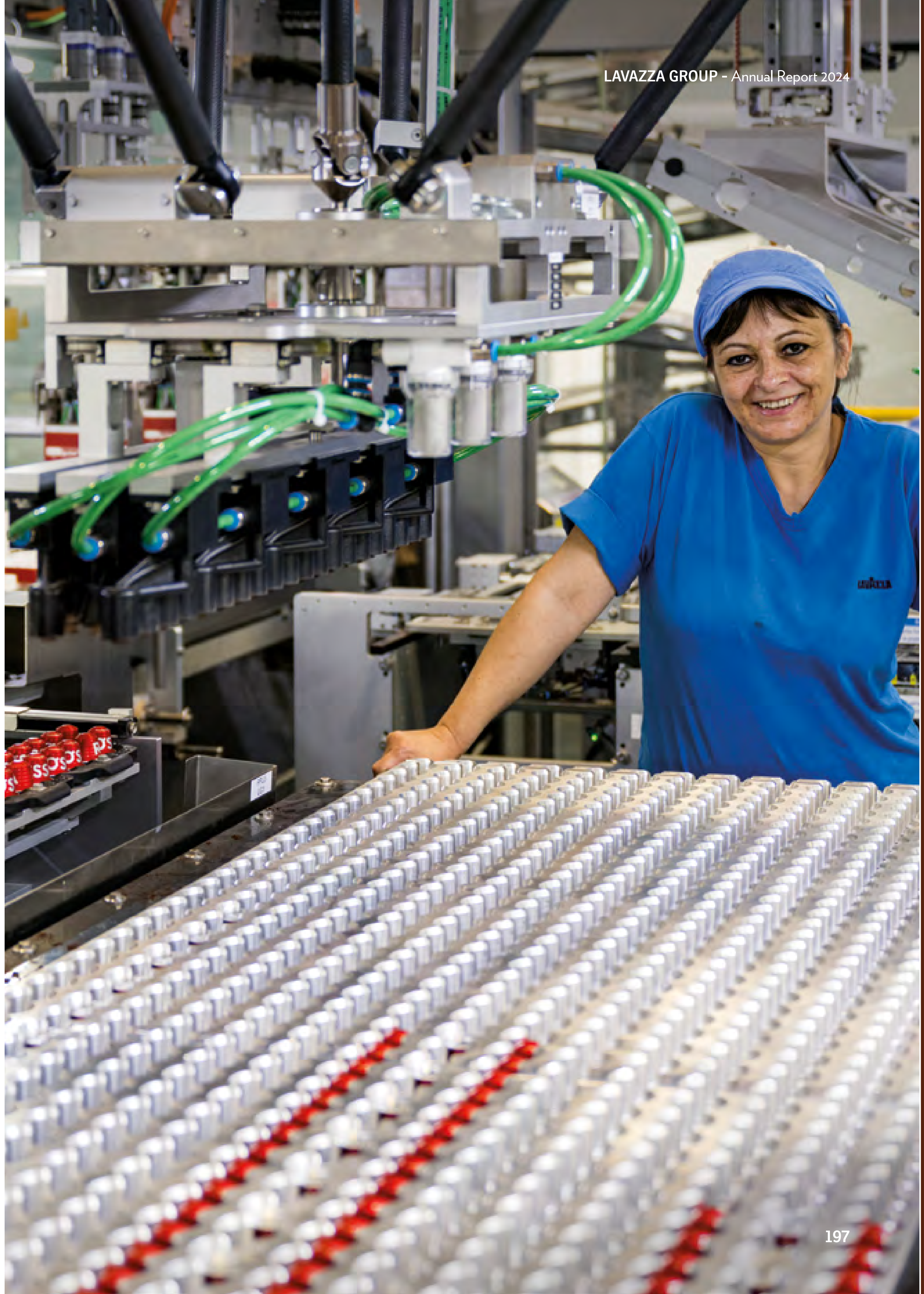
Reclassifications amounted to €22,677,182 and were chiefly attributable to: (i) for €21,056,072 to the construction of new production lines and industrial plants, (ii) for €783,371 to the purchase of new industrial equipment and (iii) €670,682 to improvements and refurbishing of industrial buildings.

The Directors' Single Report on Operations provides detailed information on investments made during the year.

Pursuant to Article 10 of Law No. 72 of 19 March 1983, the following is a statement of the write-ups applied to assets still carried at 31 December 2024:

	RE. LAW 576/75	RE. LAW 72/83	RE. LAW 408/90	RE. LAW 413/91	RE. LAW 342/00	RE. LAW 350/03	RE. LAW 266/05	RE. LAW 185/08	RE. LAW 104/20	TOTAL
Buildings	28,033	68,682	-	2,519,706	-	-	-	32,604,293	-	35,220,714
Plant and machinery	23,451	296,679	-	-	24.613.555	7,509,416	-	-	63,980,674	96,423,775
Moulds	-	-	-	-	161,056	848,325	-	-	-	1,009,381
Lavazza trademark	-	-	46,481,121	-	77,468,535	100,000,000	80,000,000	-	-	303,949,656
Total	**51,484**	**365,361**	**46,481,121**	**2,519,706**	**102,243,147**	**108,357,741**	**80,000,000**	**32,604,293**	**63,980,674**	**436,603,526**

The Company is located in the property complex, named "Nuvola Lavazza", that houses the Group's headquarters, as well as the Lavazza Museum, the Historical Archive, the convention centre "La Centrale", the Piazza, the underground parking lot and the IAAD (Institute of Applied Art and Design), under a finance lease, which transfers most of the risks and rewards associated with the properties in question.



The effect on the balance sheet and profit for the year of the adoption of the finance lease method to account for leased property is illustrated below:

	AMOUNT
Assets	
a) Agreements in force:	
Assets under finance lease at the end of the previous year	94,608,641
+ Goods acquired under finance leases during the year	-
- Assets under finance lease redeemed during the year	-
- Depreciation charges accrued during the year	(3,510,415)
+/– Value adjustments/reversals on assets under finance leases	-
Assets under finance lease at the end of the year, net of depreciation-	91,098,226
b) Redeemed assets	
Total greater value of redeemed assets	-
c) Liabilities	
Constructive payables for finance lease transactions at the end of the previous year	62,496,759
+ Constructive payables arisen during the year	-
- Repayment of portions of principal and redemptions made during the year	(4,716,304)
Constructive payables for finance lease transactions at the end of the year	57,780,455
d) Reversal of prepayments associated with finance leases	**14,677,005**
e) Reversal of payables for rent yet to be paid	
f) Total gross effect at the end of the year (a + b - c - d - e)	**18,640,766**
g) Tax effect	**(5,200,774)**
h) Effect on equity at the end of the year (f - g)	**13,439,992**
Effect on the statement of profit or loss	
Reversal of rent on finance leases	7,719,887
Recognition of financial expense on finance leases	(1,529,830)
Recognition of:	
- Depreciation charges:	
· on contracts in force	(3,510,415)
· on redeemed goods	-
- Value adjustments/reversals on assets under finance lease	-
Effect on pre-tax result	2,679,643
Recognition of the tax effect	(747,620)
Effect on profit or loss of recognition of finance leases	**1,932,022**

FINANCIAL ASSETS

Investments

Investments at 31 December 2024 were broken down as follows:

COMPANY NAME	HISTORIC COST	PRIOR YEARS' WRITE-DOWNS	VALUE AT 01.01.2024	INCREASES	DECREASES	WRITE-DOWNS FOR THE YEAR	VALUE AT 31.12.2024
Subsidiaries							
Lavazza Australia Pty Ltd	4,804,617	-	4,804,617	-	-	-	4,804,617
Lavazza Argentina S.A.	7,179,991	(7,179,991)	-	60,000	-	-	60,000
Lavazza Capital S.r.l.	476,400,000	-	476,400,000		(99,811,021)	-	376,588,979
Lavazza Coffee (UK) Ltd	14,843	-	14,843	-	-	-	14,843
Lavazza Deutschland G.m.b.H.	153,227	-	153,227	-	-	-	153,227
Lavazza Do Brasil Ltda	28,045,098	(28,045,098)	-	-	-	-	-
Lavazza France S.a.s.	27,939,862	-	27,939,862	-	-	-	27,939,862
Lavazza Kaffee G.m.b.H.	163,854	-	163,854	-	-	-	163,854
Lavazza Maroc S.a.r.l.	904	-	904	-	-	-	904
Lavazza Netherlands B.V.	132,000,000	(125,825,397)	6,174,603	-	-	-	6,174,603
Lavazza Japan GK	343,495	-	343,495	-	-	-	343,495
Lavazza North America Inc.	420,522,785	-	420,522,785	-	-		420,522,785
Lavazza Spain S.L.	13,079,422	(12,531,699)	547,723	-	-	-	547,723
Lavazza Sweden AB	1,855,000	-	1,855,000	-	-	-	1,855,000
Lavazza Trading (Shenzhen) Co.Ltd	1,000,000	-	1,000,000	-	-	-	1,000,000
Carte Noire S.a.s.	104,444,203	-	104,444,203	-	-	-	104,444,203
Cofincaf S.p.A.	3,063,719	-	3,063,719	-	-	-	3,063,719
E-Coffee Solutions S.r.l.	263,429,088	-	263,429,088	323,943,467	-	(6,000,000)	581,372,555
Kicking Horse Coffee Co. Ltd	133,646,557	-	133,646,557	-	-	-	133,646,557
Lavazza Denmark ApS	12,119,140	-	12,119,140	-	-	-	12,119,140
Nims S.p.A.	63,099,015	-	63,099,015	-	-	-	63,099,015
Total subsidiaries	**1,693,304,820**	**(173,582,185)**	**1,519,722,635**	**324,003,467**	**(99,811,021)**	**(6,000,000)**	**1,737,915,081**
Associates							
Y&L Coffee Ltd	69,687,827	-	69,687,827	-	-	-	69,687,827
International Coffee Partners G.m.b.H.	25,000	-	25,000	-	-	-	25,000
Total associates	**69,712,827**	**-**	**69,712,827**	**-**	**-**	**-**	**69,712,827**
Other companies							
Casa del Commercio e Turismo S.p.A.	6,094	-	6,094	-	-	-	6,094
Connect Ventures One LP	6	-	6	-	(6)	-	-
Consorzio Nazionale Imballaggi	5	-	5	-	-	-	5
Total other companies	**6,105**	**-**	**6,105**	**-**	**(6)**	**-**	**6,099**
Total investments	**1,763,023,752**	**(173,582,185)**	**1,589,441,567**	**324,003,467**	**(99,811,027)**	**(6,000,000)**	**1,807,634,007**

With reference to operating investments, the strategic focus was generally confirmed with a view to bringing a greater consistency between the business model adopted and the geographical area involved, differentiating the approach according to actual local situations and business segments.

Increases for the year following the capitalisation of subsidiaries referred to

- Coffee Solutions S.r.l. in the amount of €323,943,467

The increase referred (i) for €5,000,000 to the capital contribution made in the year in favour of the subsidiary and subscribed in November 2024; (ii) for €132,905,194 to shareholders' contributions relating to the purchase of shares of the company Torino Investimento and (iii) for €186,038,273 to the waiver of the receivable towards E-Coffee Solutions S.r.l. These changes were attributable to the acquisition by E-Coffee Solutions S.r.l. of a minority stake (49%) in the company IVS Group S.A., parent company of the IVS Group. For further details, please refer to section "Significant events in the year" of the Directors' Single Report on Operations;

- Lavazza Argentina S.A. in the amount of €60,000

The increase is fully attributable to the capital contribution made in the year in order to provide the Company with the liquidity needed to face the winding-up procedure started in the previous years.

The decreases for the year were attributable to:

- €99,811,021 relating to the distribution of Lavazza Capital S.r.l. to the sole shareholder Lavazza S.p.A., authorised by the Shareholders' Meeting on 30 September 2024, as a partial reimbursement of the capital contribution of €600,000,000 overall previously made by the sole shareholder;

- €6,000,000 relating to the write-down of the investment E-Coffee Solutions S.r.l.; this write-down chiefly referred to the extraordinary losses reported by Lavazza Professional France S.a.s. during the Covid period (mainly in 2021 and 2022), subsequently covered and recapitalised through the related waiver of a €6 million shareholder loan.

The following table provides data on the main subsidiaries and associates:

COMPANY NAME	REGISTERED OFFICE	SHARE CAPITAL	EQUITY	PROFIT (LOSS) FOR THE YEAR	% HELD	CARRYING VALUE
Subsidiaries						
Lavazza Argentina S.A.	Buenos Aires	2,775	47,637	(103,964)	97.54	60,000
Lavazza Australia Pty Ltd *	Hawthorn	4,358,813	6,751,091	681,356	100.00	4,804,617
Lavazza Capital S.r.l.	Turin	200,000	400,033,800	22,944,421	100.00	376,588,979
Lavazza Coffee (UK) Ltd	Uxbridge	1,206	10,799,685	4,834,989	100.00	14,843
Lavazza Denmark ApS	Middelfart	6,704	14,917,938	6,228,110	100.00	12,119,140
Lavazza Deutschland G.m.b.H.	Frankfurt	210,000	10,980,866	8,471,773	100.00	153,227
Lavazza Do Brasil Ltda	Rio de Janeiro	11,999,090	(723,198)	(82,695)	99.53	-
Lavazza France S.a.s.	Boulogne	21,445,313	31,264,378	3,583,722	100.00	27,939,862
Lavazza Kaffee G.m.b.H.	Vienna	218,019	1,593,422	727,746	100.00	163,854
Lavazza Maroc S.a.r.l.	Casablanca	953	141,043	13,234	100.00	904
Lavazza Netherlands B.V.	Amsterdam	111,500,000	4,721,533	(13,660)	100.00	6,174,603
Lavazza North America Inc.	Westchester	29,646,743	448,849,833	7,560,365	100.00	420,522,785
Lavazza Japan GK	Tokyo	6	(1,087,428)	(9,274)	100.00	343,495
Lavazza Spain S.L.	Barcelona	1,090,620	762,593	16,717	100.00	547,723
Lavazza Sweden AB	Stockholm	8,727	3,776,182	376,598	100.00	1,855,000
Lavazza Trading (Shenzhen) Co.Ltd	Shenzhen	1,081,521	1,270,184	25,058	100.00	1,000,000
E-Coffee Solutions S.r.l.	Turin	1,000,000	567,469,862	(15,284,699)	100.00	581,372,555
Carte Noire S.a.s.	Boulogne	103,830,406	123,946,661	13,815,023	100.00	104,444,203
Cofincaf S.p.A.	Turin	3,000,000	13,679,000	379,000	99.00	3,063,719
Kicking Horse Coffee Co. Ltd	Invermere	124,828,875	160,013,988	5,904,381	100.00	133,646,557
Nims S.p.A.	Padua	3,000,000	38,507,886	5,699,999	97.43	63,099,015
Associates						
Y&L Coffee Ltd	Hong Kong	211,762,441	110,345,862	(15,422,738)	35.00	69,687,827

(*) These figures refer to the Consolidated Financial Statements of the Company and its subsidiaries.

The values referring to the investments in companies that prepare their financial statements in foreign currencies are stated in Euro, converted at the exchange rate at 31 December 2024.
In order to provide complete information, the table below reports a list of the main indirectly controlled or associate companies:

COMPANY NAME	REGISTERED OFFICE	SHARE CAPITAL	EQUITY	PROFIT (LOSS) FOR THE PREVIOUS YEAR	THROUGH	CARRYING VALUE	% HELD
Carte Noire Operations S.a.s.	Lavérune	28,523,820	61,830,543	1,212,641	Carte Noire S.a.s.	56,212,128	100.0
Fresh and Honest Café Ltd	Chennai	1,026,610	15,462,790	502,173	Lavazza Netherlands B.V.	3,711,064	24.0
MaxiCoffee Group S.a.s.	Gardanne	162,056,067	168,081,336	2,805,089	E-Coffee Solutions S.r.l.	163,077,187	99.3
Lavazza Baltics SIA	Riga	2,828	4,730,588	1,795,280	Lavazza Denmark ApS	4,717,075	100.0
Lavazza Professional France S.a.s.	Roissy CDG	279,706	(300,981)	111,813	E-Coffee Solutions S.r.l.	2,694,173	100.0
Lavazza Professional Germany G.m.b.H.	Verden	*50,000*	*6,182,535*	*3,845,812*	E-Coffee Solutions S.r.l.	75,480,570	100.0
Lavazza Professional (UK) Ltd	Basingstoke	*41,105,671*	*46,591,814*	*833,353*	E-Coffee Solutions S.r.l.	62,352,392	100.0

RECEIVABLES

They consist of:

	31.12.2024	31.12.2023	CHANGES
Receivables from subsidiaries	214,755,718	200,762,756	13,992,962
Other receivables	227,660	252,979	(25,319)
Total	**214,983,378**	**201,015,735**	**13,967,643**

Receivables from subsidiaries included:

- the long-term financial receivable from Lavazza Australia Pty Ltd for the AUD 12,500,000 (€7,452,898) residual amount of the €13,000,000 loan granted in 2018 to Lavazza Australia OCS, with a 5-year duration, renewed in 2023 and bearing interest at the ASX Australian Bank Bill Short Term Rates 6 month Mid + Margin (2%), and transferred to Lavazza Australia Pty following the sale of assets and liabilities in 2023;
- the long-term financial receivable from E-Coffee Solutions S.r.l. for: (i) the €39,343,812 residual amount of the 10-year loan granted in 2018 bearing interest at a floating rate benchmarked on the twelve-month Euribor; (ii) €150,274,300 of the 10-year loan granted in 2023 bearing interest at a floating rate benchmarked on the six-month Euribor; (iii) €8,600,000 of the 10-year loan granted in 2024 bearing interest at a rate benchmarked on the twelve-month Euribor; (iv) €6,400,000 of the 10-year loan granted in 2024 bearing interest at a floating rate benchmarked on the six-month Euribor;
- the long-term financial receivable from Lavazza Japan GK, granted in 2021, which expired and was renewed in 2024, with a 5-year duration, for JPY 437,768,549 (€2,684,708), bearing interest at a floating rate benchmarked on the TONA (Tokyo Overnight Average Rate), which replaced the Libor JPY.

Item "other receivables" consisted of security deposits (€227,660).

All receivables are due after one year, with €172,727,198 falling due beyond five years.

NON-CURRENT DERIVATIVE ASSETS

The Company is exposed to fluctuations in foreign exchange rates, in particular with regard to the purchase of green coffee denominated in USD and sales in countries with currencies other than the Euro, and to the variability of interest rates payable on floating-rate financing and lease contracts attributable to the fluctuation of market interest rates.
In order to reduce the impact of changes in exchange rates on expected cash flows, in accordance with its risk management policy the Company uses derivatives solely for hedging purposes.
The item includes the positive fair value of outstanding derivatives at 31 December 2024 with a duration in excess of 12 months, contracted in order to hedge against foreign exchange and interest rate risks.

NON-CURRENT DERIVATIVE ASSETS

NOTIONAL VALUE	UNDERLYING FINANCIAL RISK	FAIR VALUE	HEDGED ASSET / LIABILITY
EUR 240,000,000	Interest rate risk	9,247,075	Loan
Total		**9,247,075**	

The following table shows movements for the year:

	31.12.2024	31.12.2023	CHANGES
Derivatives to hedge exchange rate risk	-	1,573	(1,573)
Derivatives to hedge interest rate risk	9,247,075	20,260,379	(11,013,304)
Total	**9,247,075**	**20,261,952**	**(11,014,877)**

INFORMATION ON FAIR VALUE (ART. 2427-BIS, PARAGRAPH 1, NO. 2)

The following statement compares the carrying amount and fair value of long-term financial assets other than investments in subsidiaries and associates.

NON-CURRENT FINANCIAL ASSETS	CARRYING VALUE	FAIR VALUE
Investments in other companies:		
Other	6,099	6,099
Total investments in other companies	**6,099**	**6,099**
Other receivables:		
Financial receivables from subsidiaries	214,755,718	214,755,718
Guarantee deposits	227,660	227,660
Total other receivables	**214,983,378**	**214,983,378**

CURRENT ASSETS

INVENTORIES

	31.12.2024	31.12.2023	CHANGES
Raw materials, ancillaries and consumables	283,648,311	210,809,151	72,839,160
Accumulated depreciation of raw materials, ancillaries and consumables	(2,009,000)	(3,150,000)	1,141,000
Raw materials, ancillaries and consumables (net value)	**281,639,311**	**207,659,151**	**73,980,160**
Work-in-progress and semi-finished goods	7,055,522	7,513,505	(457,983)
Accumulated depreciation for work-in-progress and semi-finished goods	(1,000,000)	(1,000,000)	-
Work-in-progress and semi-finished goods (net value)	**6,055,522**	**6,513,505**	**(457,983)**
Finished products and goods	127,382,919	147,080,784	(19,697,865)
Accumulated depreciation of finished products and goods	(17,465,000)	(13,800,000)	(3,665,000)
Finished products and goods (net value)	**109,917,919**	**133,280,784**	**(23,362,865)**
Total	**397,612,752**	**347,453,440**	**50,159,312**
Advance payments	**432,708**	**561,206**	**(128,498)**
Overall total	**398,045,460**	**348,014,646**	**50,030,814**

The value of inventories amounted to €398,045,460 at 31 December 2024. The €50,030,813 increase was chiefly attributable to the green coffee component, significantly impacted by the price increase, in spite of the decline in stocked volumes both with regard to green coffee and Roast&Ground and capsule finished products due to lower stocks.

As described in greater detail in the Report on Operations with regard to commodity risk management, coffee reached the new historic high for Robusta and the highest value since 1977 for Arabica.
Robusta, which had recorded a strong uptrend in 2023, began the year with a price of 3,010 $/tonne, reaching its historic high on the first exchange position at 5,722 $/tonne on 18 September to then close the year at 5,019 $/tonne (+66%).
Arabica followed Robusta's trend until early November, although with less marked oscillations, but exceeding the first exchange position by 335.65 $cts/lb, a record high dating back at April 1977. At 31 December 2024, the price returned to 319.75 $cts/lb, increasing by +68% on the stock market value compared to year-start.
At 31 December 2024, inventories were recognised net of an inventory write-down provision totalling € 20,474,000 set aside for obsolete and slow-moving materials, with particular reference to plant spares, advertising material and packaging, as well as coffee machines and related spare parts.

RECEIVABLES

The following table show movements of receivables and their adjustments during the year and the balance at 31 December 2024:

	ORIGINAL COST 31.12.2023	INCREASES (DECREASES)	ORIGINAL COST 31.12.2024	ACCUMULATED DEPRECIATION AT 31.21.2023	PROVISIONS	USES	ACCUMULATED DEPRECIATION AT 31.21.2024	EXPECTED REALISABLE VALUE AT 31.12.2024
Trade receivables	123,363,091	12,067,647	135,430,738	4,705,048	873,665	(558,063)	5,020,650	130,410,088
Receivables from subsidiaries	337,430,789	107,673,830	445,104,619	-	-	-	-	445,104,619
Receivables from associates	844,597	1,165,860	2,010,457	-	-	-	-	2,010,457
Receivables from parent companies	33,457,493	(2,128,115)	31,329,378	-	-	-	-	31,329,378
Receivables from related parties	3,990,964	(386,896)	3,604,068	-	-	-	-	3,604,068
Tax receivables	19,394,797	1,013,749	20,408,546	-	-	-	-	20,408,546
Deferred tax assets	49,875,508	(7,979,680)	41,895,828	-	-	-	-	41,895,828
Other receivables	4,131,385	7,419,399	11,550,784	-	-	-	-	11,550,784
Total	**572,488,624**	**118,845,794**	**691,334,418**	**4,705,048**	**873,665**	**(558,063)**	**5,020,650**	**686,313,768**

All receivables at 31 December 2024 are due within one year.

An adjustment provision totalling €5,020,650 was made at the end of the year to adjust the nominal value of trade receivables, which approximated their amortised cost, to their expected realisable value.
Management determines the amount of adjustment provisions on the basis of (i) an identification of specific positions the recoverability of which is doubtful; and (ii) the application of the Lavazza Group's internal policy, which calls for the application of specific ranges depending on the customer's channel and past-due amount.

The following table shows receivables included in current assets, broken down by geographic area:

	ITALY	EU COUNTRIES	OTHER EUROPEAN COUNTRIES	AMERICAS	AUSTRALIA	OTHER COUNTRIES	TOTAL
Trade receivables	55,864,912	60,622,279	6,493,754	1,093,729	-	6,335,414	130,410,088
Receivables from subsidiaries	22,406,012	275,779,507	61,228,750	71,318,837	12,271,260	2,100,253	445,104,619
Receivables from associates	-	-	-	-	-	2,010,457	2,010,457
Receivables from parent companies	31,329,378	-	-	-	-	-	31,329,378
Receivables from related parties	3,604,068	-	-	-	-	-	3,604,068
Tax receivables	18,621,869	1,680,506	106,171	-	-	-	20,408,546
Deferred tax assets	41,895,828	-	-	-	-	-	41,895,828
Other receivables	4,072,403	577,801	775,524	6,080,541	-	44,515	11,550,784
Total	**177,794,470**	**338,660,093**	**68,604,199**	**78,493,107**	**12,271,260**	**10,490,639**	**686,313,768**

Receivables from subsidiaries and associates refer to the following companies:

	31.12.2024	31.12.2023	CHANGES
Trade receivables:			
Direct subsidiaries			
Lavazza Australia Pty Ltd	12,009,337	9,258,183	2,751,154
Lavazza Capital S.r.l.	140,000	100,000	40,000
Lavazza Coffee (UK) Ltd	34,330,038	25,269,263	9,060,775
Lavazza Deutschland G.m.b.H.	81,320,223	72,868,459	8,451,764
Lavazza Do Brasil Ltda	1,060,889	1,168,029	(107,140)
Lavazza France S.a.s.	17,865,919	15,499,226	2,366,693
Lavazza Japan GK	2,050,050	1,733,861	316,189
Lavazza Kaffee G.m.b.H.	6,539,397	6,262,069	277,328
Lavazza Maroc S.a.r.l.	28,262	30,539	(2,277)
Lavazza Netherlands B.V.	10,529	11,714	(1,185)
Lavazza North America Inc.	66,169,409	57,264,704	8,904,705
Lavazza Spain S.L.	144,546	92,041	52,505
Lavazza Sweden AB	3,122,981	262,107	2,860,874
Carte Noire S.a.s.	104,156,528	90,636,709	13,519,819
Cofincaf S.p.A.	102,229	90,904	11,325
E-Coffee Solutions S.r.l.	3,488,658	4,953,861	(1,465,203)
Kicking Horse Coffee Co. Ltd	438,435	483,727	(45,292)
Lavazza Denmark ApS	42,205,908	12,814,088	29,391,820
Nims S.p.A.	7,361,327	10,352,897	(2,991,570)
Indirect subsidiaries			
Lavazza Professional France S.a.s.	1,807,486	350,874	1,456,612
Lavazza Professional Germany G.m.b.H.	14,515,495	3,448,895	11,066,600
Lavazza Professional (UK) Ltd	16,459,297	2,708,598	13,750,699
Lavazza Professional (UK) Operating Services Ltd	229,866	252,410	(22,544)
Carte Noire Operations S.a.s.	313,418	327,183	(13,765)
Lavazza Baltics SIA	806	806	-
MaxiCoffee Group S.a.s.	1,633	-	1,633
MaxiCoffee Online S.a.s.	90,473	-	90,473
Controlled by the same parent company			
Lavazza Eventi S.r.l.	504,362	483,585	20,777
Lea S.r.l.	329,179	303,225	25,954
Associates			
Fresh and Honest Café Ltd	314,327	173,260	141,067
Yi Bai Coffee Co. Ltd	1,696,130	671,337	1,024,793
Total trade receivables	**418,807,137**	**317,872,554**	**100,934,583**
Financial receivables:			
Direct subsidiaries			
Lavazza Australia Pty Ltd	261,923	248,456	13,467
Lavazza Denmark ApS	441,854	-	441,854
Lavazza Japan GK	21,941	19,825	2,116
Lavazza North America Inc.	706,585	216,285	490,300
Carte Noire S.a.s.	-	25,395	(25,395)
Cofincaf S.p.A.	-	323	(323)
E-Coffee Solutions S.r.l.	11,313,798	5,324,865	5,988,933
Kicking Horse Coffee Co. Ltd	2,943,519	3,005,035	(61,516)
Indirect subsidiaries			
Lavazza Professional France S.a.s.	3,242,311	3,126,738	115,573
Lavazza Professional (UK) Ltd	10,209,549	9,220,656	988,893
Carte Noire Operations S.a.s.	-	2,064	(2,064)
Controlled by the same parent company			
Lea S.r.l.	2,770,527	3,204,154	(433,627)
Total financial receivables	**31,912,007**	**24,393,796**	**7,518,211**
Total	**450,719,144**	**342,266,350**	**108,452,794**

Financial receivables from Group companies referred to the balance on the centralised treasury account held with the Parent Company.
Financial receivables from subsidiaries referred to the portion of the interest accrued at 31 December 2024 on loans issued to subsidiaries and carried partly among financial assets and partly among the positive balances of the current accounts of centralised treasury.

Tax receivables of €20,408,546 may be broken down as follows:

Receivable from the revenue authorities:

- €1,353,473 VAT credits towards the Italian Revenue Authority;
- €1,786,677 from foreign revenue authorities in connection with direct identification for VAT purposes in the countries concerned.

Tax receivables:

- €10,000,000 relating to tax receivables acquired as part of a framework agreement with a financial institution, pursuant to Article 121 of Decree Law 34/2020 that, at the reporting date, have already been offset by tax payables of the Company.

Credit for investments in new capital goods 4.0:

- €1,655,391 for the credit for investments in new capital goods 4.0 - 2021;
- €389,895 for the credit for investments in new capital goods 4.0 - 2022;
- €1,019,184 for the credit for investments in new capital goods 4.0 - 2023;
- €1,115,258 for the credit for investments in new capital goods 4.0 - 2024;

R&D credit - Technological Innovation and Green IT:

- €365,253 for the 2022 R&D credit L 160/2019 and L 178/2020;
- €103,417 for the 2023 R&D credit L 160/2019 and L 178/2020;
- €111,730 for the 2024 R&D credit L 160/2019 and L 178/2020;
- €7,278 for the 2022 Technological Innovation and Green IT credit L 160/2019 and L 178/2020;
- €801,989 for the 2023 Technological Innovation and Green IT credit L 160/2019 and L 178/2021;
- €307,978 for the 2024 Technological Innovation and Green IT credit L 160/2019 and L 178/2021;

Other receivables:

- €998,000 for the Art bonus DL 83/14 *et seqq.*, of which €11,917 referring to previous financial years;
- €200,000 for the 2020 advertising bonus DL 50/217 *et seqq.*;
- €120,000 for credit for investments in ordinary capital goods L 160/2019;
- €67,103 for IRPEF credit;
- €5,920 for minor credits.

Deferred tax assets are allocated in relation to negative income components, which are deducted after they accrue. Their changes, final balance and description are set out in the relevant table in the Notes in the "Income taxes for the year" section of the Statement of Profit or Loss.

The item "other receivables" amounted to € 11,550,784 and referred primarily to advances to suppliers of € 10,381,087 and receivables from personnel and from social security institutions for insurance policies for employees amounting to €441,937.

CURRENT FINANCIAL ASSETS

DERIVATIVE ASSETS

The item includes the positive fair value of outstanding derivatives at the reporting date with a duration of less than 12 months, contracted in order to hedge against foreign exchange, commodity and interest rate risks.

CURRENT DERIVATIVE ASSETS

The following table provides the related breakdown:

NOTIONAL VALUE	UNDERLYING FINANCIAL RISK	FAIR VALUE	HEDGED ASSET / LIABILITY
EUR 135,823,293	Exchange rate risk	7,847,843	Sales/Purchases of green coffee
Total		**7,847,843**	

The following table shows movements for the year:

	31.12.2024	31.12.2023	CHANGES
Derivatives to hedge exchange rate risk	7,847,843	699,007	7,148,836
Total	**7,847,843**	**699,007**	**7,148,836**

CASH AND CASH EQUIVALENTS

This item consists of cash at bank and post-office accounts, as well as cash on hand and cheques held by logistic hubs, outside contractors and sales areas.

The following table provides a detailed description:

	31.12.2024	31.12.2023	CHANGES
Bank accounts	26,639,400	22,616,868	4,022,532
Post office accounts	151,978	127,568	24,410
Foreign currency accounts	12,188,882	31,820,861	(19,631,979)
Cash and valuables on hand	72,408	104,402	(31,994)
Total	**39,052,668**	**54,669,699**	**(15,617,031)**

For the analysis of the main cash flows that generated a €98 million decrease in this item compared to the previous year, reference should be made to the Statement of Cash Flows.
Foreign currency accounts amounted to USD 5,820,566 and were primarily funded by market purchases, collections of receivables from the U.S. subsidiary Lavazza North America Inc., and collections of receivables from foreign customers, in addition to cash flows arising from the cash-pooling arrangements between Luigi Lavazza S.p.A. and the subsidiary Lavazza North America Inc.
Foreign currency accounts also included cash balances of £3,615,328, DKK 14,752,629 and SEK 2,814,828 generated, respectively, by the cash flows arising from the cash pooling arrangements between Luigi Lavazza S.p.A. and the English subsidiaries — Lavazza Coffee (UK) Ltd, Lavazza Professional (UK) Ltd, and Lavazza Professional Operating Services Limited —, and the Nordics cluster' subsidiaries — Lavazza Sweden AB and Lavazza Denmark ApS — and any receivables collected from these subsidiaries.

PREPAYMENTS AND ACCRUED INCOME

The item consists of the following:

	31.12.2024	31.12.2023	CHANGES
Prepayments:			
of lease contracts	14,677,005	16,123,884	(1,446,879)
of advertising expenses	2,632,965	1,940,584	692,381
of software leases	3,283,801	2,785,683	498,118
CO_2 Neutrality	1,339,735	2,148,633	(808,898)
of derivatives	1,137,645	1,151,922	(14,277)
of maintenance contracts	254,603	375,454	(120,851)
of insurance premiums	109,293	155,854	(46,561)
Other	827,691	864,928	(37,237)
Total prepayments	**24,262,738**	**25,546,942**	**(1,284,204)**
Total prepayments and accrued income	**24,262,738**	**25,546,942**	**(1,284,204)**

The item "lease contracts" under "prepayments" mainly refers to the residual share of the upfront payment made upon entering into the finance lease arrangement for the real estate complex divided into various lots, which are to house office and commercial buildings, the museum and parking areas, in addition to the Company's Headquarters. This finance lease is taken to the statement of profit or loss on a pro-rated basis over the 18-year term of the lease.

The breakdown of instalments of the upfront payment (€14,525,239) is as follows: €1,445,230 within one year, €5,780,918 between 1 and 5 years and €7,299,091 beyond 5 years.

The item "advertising expenses" under "prepayments" refers primarily to the portion not accrued during the year of advance payments made to customers in the Food Service sector for the sponsorship of Lavazza products in the points of sale. Such costs will be recognised in the statement of profit or loss on a pro-rated basis over the duration of the contract.

The item "CO_2 neutrality" under "prepayments" refers to the costs of purchasing green certificates that will be used in subsequent years to offset not only the annual emissions of direct greenhouse gases of the Company's offices and plants, but also those relating to the volumes produced and placed on the market.

The item "derivatives" under "prepayments" refers to the negative change reported by forward points (the difference between the spot rate/price on the date of execution of the contract and the relevant contractual forward rate/price) and the time value of derivative contracts hedging against the risks in place at 31 December 2024.

The amounts in question will be fully charged through profit or loss when the hedged costs are recognised.

NEGATIVE CHANGE IN TIME VALUE OF DERIVATIVES

NOTIONAL VALUE	UNDERLYING FINANCIAL RISK	CHANGE IN TIME VALUE	HEDGED ASSET / LIABILITY
EUR 7.600.997	Exchange rate risk	39,950	Sales
EUR 18.181.818	Exchange rate risk	333,234	Sales
Total		**373,184**	

PREPAYMENTS ON NEGATIVE CHANGE IN TIME VALUE OF DERIVATIVES

	31.12.2024	31.12.2023	CHANGES
Forward points based on spot exchange rate	39,950	30,134	9,816
Time value of options on exchange rates	333,234	49,551	283,683
Total	**373,184**	**79,685**	**293,499**

PROPERTY, PLANT AND EQUIPMENT HELD FOR SALE

In the reporting year, the Item C) V) "Property, plant and equipment held for sale" increased by €295,966 and related to advances associated with the sale of a packaging machine and the related accessories, expected to occur in March 2025.

BALANCE SHEET – EQUITY AND LIABILITIES

EQUITY

In compliance with the provisions of Article 2427 (7-bis) of the Italian Civil Code, a description of the type, possible uses, and portion available for distribution is set out in the table below for each reserve:

NATURE / DESCRIPTION	AMOUNT	POSSIBILITY OF USE	DISTRIBUTABLE PORTION
Capital	25,090,000		-
Capital reserves			
Share premium account	9,133,523	A B C	9,133,523
Revaluation reserves	426,580,270	A B C	426,580,270
Reserve from profits			
Legal reserve	5,018,000	B	-
Other reserves			
- Extraordinary reserve	211,519,258	A B C	211,519,258
- Reserve Re. Art. 18 Presidential Decree 675/77	16,892	A B C	16,892
- Reserve Re. Art. 55 of Law 526/82	86,235	A B C	86,235
- Reserve Re. Law 46/82	90,785	A B C	90,785
- Reserve Re. Art. 55 Presidential Decree 917/86	212,481	A B C	212,481
- Reserve Re. Law 130/83	162,463	A B C	162,463
- Reserve Re. Law 488/92	380,808	A B C	380,808
- Reserve arising on net exchange gains	-	B	-
- Merger surplus reserve	56,953,074	A B C	56,953,074
Retained earnings	1,648,937,359	A B C	1,648,937,359
Negative reserve for treasury shares	(17,732,533)	restricted	(17,732,533)
Hedge reserve for expected cash flows	7,070,283	restricted	-
Total	**2,373,518,898**		**2,336,340,615**
Non-distributable portion*			**5,008,318**
Distributable portion			**2,331,332,297**

Legend:
A: for capital increase
B: for loss coverage
C: for distribution to shareholders
* equal to the portion of development expenses not yet amortised

The changes in the amounts of equity items are described in the attached "Statement of Changes in Equity ".

SHARE CAPITAL

Fully subscribed and paid-up share capital consists of 25,090,000 ordinary shares, with a nominal value of €1 each.

REVALUATION RESERVES

Revaluation reserves are detailed as follows (in units of Euro):

	31.12.2024
Re. Law 576/75 *	28,033
Re. Law 72/83 **	267,518
Re. Law 408/90	25,096,319
Re. Law 413/91	5,680,818
Re. Law 342/2000 ***	103,048,413
Re. Law 448/2001	5,100,000
Re. Law 350/2003 ****	93,900,327
Re. Law 266/2005	70,400,000
Re. Law 185/2008	58,200,000
Re. Law 104/20	64,858,842
Total revaluation reserves	**426,580,270**

* Due to the merger of Luca S.r.l.
** Due to the merger of Manifattura Rosy S.r.l. (€198,836) and Luca S.r.l. (€68,682).
*** Due to the merger of Mokapak S.r.l. (€5,111,146).
**** Due to the merger of Mokadec S.r.l. (€2,729,700) and Mokapak S.r.l. (€8,813,610).

NEGATIVE RESERVE FOR TREASURY SHARES

In accordance with Legislative Decree of 18 August 2015, implementing Directive No. 2013/34/EU, amending Article 2357-ter of the Italian Civil Code, in these financial statements the value of treasury shares in portfolio was recognised to a specific negative equity reserve.
Treasury shares in portfolio amounted to 2,499,998 ordinary shares, with a nominal value of €1 each, accounting for approximately 10% of share capital.
No other Lavazza Group company owns Luigi Lavazza S.p.A. shares.

HEDGE RESERVE FOR EXPECTED CASH FLOWS

This reserve refers to changes in the fair value of the effective component of derivatives hedging cash flows.

The following table shows movements for the year:

	31.12.2022	INCREASES FOR FAIR VALUE CHANGES	DECREASES FOR FAIR VALUE CHANGES	DEFERRED TAX LIABILITIES	DEFERRED TAX ASSETS	31.12.2023	INCREASES FOR FAIR VALUE CHANGES	DECREASES FOR FAIR VALUE CHANGES	DEFERRED TAX LIABILITIES	DEFERRED TAX ASSETS	31.12.2024
Derivatives to hedge exchange rate risk	(8,934,570)	20,664,799	(17,012,380)	-	1,473,720	(3,808,431)	18,783,759	(9,495,935)	(1,528,751)	-	3,950,643
Derivatives to hedge commodity risk	(10,896,557)	10,896,557	-	-	-	-	-	-	-	-	-
Derivatives to hedge interest rate risk	21,827,613	14,867,406	(21,827,613)	(3,568,177)	-	11,299,229	3,568,177	(10,762,617)	(985,150)	-	3,119,640
Total	**1,996,486**	**46,428,762**	**(38,839,993)**	**(3,568,177)**	**1,473,720**	**7,490,798**	**22,351,936**	**(20,258,552)**	**(2,513,900)**	**-**	**7,070,283**

At 31 December 2024, €7,070,283 of lower hedging costs that will have an impact in 2025 remained suspended in equity.
This item primarily relates to foreign exchange and interest rate hedging.

Statement of changes in equity:

	SHARE CAPITAL	SHARE PREMIUM ACCOUNT	REVALUATION RESERVE	LEGAL RESERVE	OTHER RESERVES	HEDGE RESERVE FOR EXPECTED CASH FLOWS	RETAINED EARNINGS	PROFIT (LOSS) FOR THE YEAR	NEGATIVE RESERVE FOR TREASURY SHARES IN PORTFOLIO	TOTAL
Balances at 31.12.2022	**25,090,000**	**9,133,523**	**426,580,270**	**5,000,000**	**274,441,652**	**1,996,486**	**1,601,469,577**	**68,845,115**	**(17,732,533)**	**2,394,824,090**
Allocation of profit for the year										
-allocation of dividends (€1.72 per share)	-	-	-	-	-	-	-	(38,854,803)	-	(38,854,803)
- other allocations	-	-	-	18,000	-	-	29,972,312	(29,990,312)	-	-
Other changes										
-increases	-	-	-	-	-	5,494,312	-	39,583,816	-	45,078,128
-decreases	-	-	-	-	-	-	-	-	-	-
-reclassification	-	-	-	-	(5,019,656)	-	5,019,656	-	-	-
Result for the previous year	-	-	-	-	-	-	-	-	-	-
Balances at 31.12.2023	**25,090,000**	**9,133,523**	**426,580,270**	**5,018,000**	**269,421,996**	**7,490,798**	**1,636,461,545**	**39,583,816**	**(17,732,533)**	**2,401,047,415**
Allocation of profit for the year										
-allocation of dividends (€1.20 per share)	-	-	-	-	-	-	-	(27,108,002)	-	(27,108,002)
- other allocations	-	-	-	-	-	-	12,475,814	(12,475,814)	-	-
Other changes										
-increases	-	-	-	-	-	-	-	51,230,085	-	51,230,085
-decreases	-	-	-	-	-	(420,515)	-	-	-	(420,515)
-reclassification	-	-	-	-	-	-	-	-	-	-
Result for the previous year	-	-	-	-	-	-	-	-	-	-
Balances at 31.12.2024	**25,090,000**	**9,133,523**	**426,580,270**	**5,018,000**	**269,421,996**	**7,070,283**	**1,648,937,359**	**51,230,085**	**(17,732,533)**	**2,424,748,983**

In the year, the retained earnings reserve increased due to the undistributed share of the profit from the previous year amounting to €12,475,814.

PROVISIONS FOR RISKS AND CHARGES

The following table provides the breakdown and movements of provisions for risks and charges:

	31.12.2023	EFFECT OF HEDGING DERIVATIVES	PROVENTISATIONS	PROVISIONS FOR THE YEAR	USES FOR THE YEAR	31.12.2024
Provisions for taxes, including deferred:						
provision for taxes	597,799	-	-	19,000	-	616,799
provision for deferred tax liabilities	5,945,082	(1,054,277)	-	-	(1,638,191)	3,252,614
Total provisions for taxes, including deferred	**6,542,881**	**(1,054,277)**	**-**	**19,000**	**(1,638,191)**	**3,869,413**
Other provisions:						
provision for legal issues	17,933,417	-	(514,105)	1,832,716	(2,602,028)	16,650,000
provision for guarantees and endorsements	3,771,153	-	(632,122)	-	(89,812)	3,049,219
provision for product warranties	2,400,001	-	(998,000)	-	-	1,402,001
provision for agents' customer compensation	2,835,369	-	(54,783)	353,987	(209,081)	2,925,492
provision for future risks and charges	25,334,446	-	(163,601)	5,429,788	(4,810,941)	25,789,692
provision for sundry personnel costs	24,494,044	-	-	34,791,911	(14,221,473)	45,064,482
provision for contests	421,642	-	-	1,009	-	422,651
provision for restructuring and reorganisation	10,246,625	-	-	1,798,964	(2,695,589)	9,350,000
derivative liabilities	7,549,838	(6,212,414)	-	-	-	1,337,424
Total other provisions	**94,986,535**	**(6,212,414)**	**(2,362,611)**	**44,208,375**	**(24,628,924)**	**105,990,961**
Total provisions	**101,529,416**	**(7,266,691)**	**(2,362,611)**	**44,227,375**	**(26,267,115)**	**109,860,374**

The provision for taxes amounted to €616,799 and increased by €19,000, mainly to cover the TARI (waste tax) payment relating to the Milan Flagship Store.

The provision for deferred tax liabilities is broken down in a specific table included in the Notes on "income taxes for the year".

The provision for legal issues amounted to €16,650,000 and was recognised to account for risks relating to labour legal or contractual obligations associated with situations that already existed at the reporting date, but that were characterised by a state of uncertainty and the outcome of which depends on the occurrence of one or more future events. In the year, the provision was increased by €1.8 million to cover charges for litigation with customers and/or distributors. The utilisation of €514,105 referred to the netting of legal and settlement agreement expenses incurred in the year, but related to disputes arising in previous years.

The provision for guarantees and endorsements amounted to €3,049,219 and was established to account for possible future losses on loans granted by the subsidiary Cofincaf S.p.A. to vending and Ho.Re.Ca. operators and fully or partly guaranteed by the Company.

The provision for agents' customer compensation amounted to €2,925,492 and referred to the compensation payable to agent members of Enasarco (National Board for the Assistance to Commercial Agents and Representatives) in the event of retirement or interruption of contract due to principal. The change in the year referred to the liquidation paid to several agents for €266,864 and to the amount set aside for the share due in the year for €353,987.

The provision for product warranties amounted to €1,402,001 and referred to the estimated charges that the Company will have to bear to replace defective coffee machines under warranty and remedy any faults.

The provision for future risks and charges amounted to €25,789,692 and increased in the year by €5.4 million mainly as a result of the continuation and development of industrial projects to convert production lines for the production of increasingly sustainable packaging. In fact, the Company is committed to ensuring high product quality standards, in compliance with the essential requirements of environmental directives and new technologies, adopting processes and raw materials with low environmental impact to reduce waste production. The provision was used for about €5.0 million for the scrapping of production lines of plastic capsules, which continued to be replaced by the new aluminium capsules with lower environmental impact.

The provision for sundry personnel costs amounted to €45,064,482 and included the accruals and uses for employee bonuses and incentives. The increase of this item is chiefly due to the accrual made during the year for the new long-term incentive plan.

The provision for contests amounted to €422,651 and consisted of liabilities arising from prize competitions organised for the Company's customers, but for which the amount and settlement date were still unknown at the reporting date.

The provision for restructuring and reorganisation amounted to €9,350,000, including the charges incurred for company reorganisation. In the year, the provision rose by €1.8 million taking into account the future activities to be implemented and was partially drawn down to cover the costs incurred during the year.
The item "derivative liabilities" included the fair value of the outstanding derivatives at 31 December 2024.

The following table provides a detailed description:

	NOTIONAL VALUE	UNDERLYING FINANCIAL RISK	FAIR VALUE	HEDGED ASSET / LIABILITY
Current derivative liabilities				
on exchange rates	EUR 33,579,539	Exchange rate risk	494,081	Sales/Purchases of green coffee
Total			**494,081**	
Non-current derivative liabilities				
on interest rates	EUR 350,000,000	Interest rate risk	843,342	Loan
Total			**843,342**	
Total			**1,337,423**	

The Company is exposed to fluctuations in foreign exchange rates, in particular with regard to the purchase of green coffee denominated in USD and sales in countries with currencies other than the Euro. In order to reduce the impact of changes in foreign exchange rates on expected cash flows, in accordance with its risk management policy the Company has recourse to derivatives for hedging purposes.
The price of green coffee is subject to considerable volatility caused by both variables relating to physical supply and demand mechanisms (harvest, stocks, consumption and logistical limitations) and speculative activity.
In order to limit the impact of fluctuations in coffee prices, the Company adopts procurement policies aimed at reducing price variations, while also engaging in hedging through financial derivatives, in accordance with its risk management policy.

The following table shows the movements in the year:

	31.12.2024	31.12.2023	CHANGES
Current derivative liabilities			
Derivatives to hedge exchange rate risk	494,081	7,539,606	(7,045,525)
Non-current derivative liabilities			
Derivatives to hedge exchange rate risk	-	10,232	(10,232)
Derivatives to hedge interest rate risk	843,342	-	843,342
Total	**1,337,423**	**7,549,838**	**(6,212,415)**

EMPLOYEE TERMINATION INDEMNITIES

Movements in employee termination indemnities during the year were as follows:

BALANCE AT 31.12.2023 AFTER DEDUCTION OF ADVANCE TAX PAYMENT EX LEGE 662/96	11,777,351
Use of indemnities paid in the year	(957,281)
Transfer of employee termination indemnities to ECS	(5,103)
Advances	(149,855)
Revaluation of the year	215,414
Balance at 31.12.2024	**10,880,526**

Employee termination indemnities at 31 December 2024 reflected accrued indemnities due to employees until the date they choose a supplemental pension scheme. This amount will be eliminated with the payments that will take place when employment relationships terminate or in case of any advances made as per law.

In compliance with Legislative Decree No. 124/93 and subsequent company agreements, €4,406,178 was allocated to the following entities for financing supplemental pension schemes:

	CURRENCY	AMOUNT
Alifond	EUR	2,265,236
Fon.te.	EUR	212,044
Previndai	EUR	1,407,811
Open-ended funds	EUR	521,087
Total	**EUR**	**4,406,178**

LIABILITIES

Liabilities amounted to €1,439,350,676 at 31 December 2024, broken down as follows:

	31.12.2024	31.12.2023	CHANGES
Payables to banks	795,508,561	702,735,364	92,773,197
Advance payments	2,637,653	1,578,123	1,059,530
Trade payables	204,898,241	147,540,043	57,358,198
Payables to subsidiaries	301,426,658	183,260,494	118,166,164
Payables to associates	874,636	70,056	804,580
Payables to related companies	5,536,138	4,396,744	1,139,394
Tax payables	5,085,982	4,291,389	794,593
Social security liabilities	5,420,224	7,306,853	(1,886,629)
Other liabilities	117,962,583	95,449,241	22,513,342
Total	**1,439,350,676**	**1,146,628,307**	**292,722,369**

Item "payables to banks" amounted to €795.5 million and referred:

- for €244.1 million to a corporate financing contract falling within the sustainability-linked loan category, entered into with a pool of four major banking institutions in July 2021 and for which the Company decided to adopt a strategy to hedge its foreign exchange rate fluctuations through an interest rate swap contract. The start of the capital repayment period has been set in 2024, while the loan is scheduled to expire in 2026. The financing operation has been linked to sustainability targets, which are monitored and measured annually and which allow for reductions in the interest rate pricing;
- for €351.2 million to a corporate financing contract falling within the sustainability-linked loan category, entered into with a pool of five major banking institutions in the year. The start of the capital repayment period has been set in 2026, while the loan is scheduled to expire in 2028. The financing operation has been linked to sustainability targets, which are monitored and measured annually and which allow for reductions in the interest rate pricing. In October 2024, for this loan as well it was decided to adopt a strategy to hedge its interest rate through an interest rate swap contract.
- for €200.2 million to the portion due in the year in connection with a revolving credit facility contract.

The €92,773,197 change for the year was mainly due to the aforementioned increases, net of the last instalment disbursed to repay the corporate loan contracted in 2021 and amounting to €60 million.

The following table provides the breakdown of payables to banks by maturity:

	31.12.2024	31.12.2023	CHANGES
Payables to banks			
- due within one year	326,443,742	114,172,079	212,271,663
- due after one year	469,064,819	588,563,285	(119,498,466)
Total	**795,508,561**	**702,735,364**	**92,773,197**

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The following table provides the breakdown by geographic area:

	ITALY	EU COUNTRIES	OTHER EUROPEAN COUNTRIES	AMERICAS	AUSTRALIA	OTHER COUNTRIES	TOTAL
Payables to banks	795,508,561	-	-	-	-	-	795,508,561
Advance payments	92,713	1,565	1,000,015	72,349	-	1,471,011	2,637,653
Trade payables	172,454,173	10,044,205	-	7,152,635	24,884	15,222,344	204,898,241
Payables to subsidiaries	22,200,722	187,665,092	66,665,533	24,636,611	126,199	132,501	301,426,658
Payables to associates	-	-	-	-	-	874,636	874,636
Payables to the Parent Company	-	-	-	-	-	-	-
Payables to related companies	5,536,138	-	-	-	-	-	5,536,138
Tax payables	5,080,795	-	5,187	-	-	-	5,085,982
Social security liabilities	5,420,224	-	-	-	-	-	5,420,224
Other liabilities	65,606,905	38,126,046	7,073,430	912,298		6,243,904	117,962,583
Total	**1,071,900,231**	**235,836,908**	**74,744,165**	**32,773,893**	**151,083**	**23,944,396**	**1,439,350,676**

The following table provides the breakdown of payables to subsidiaries:

	31.12.2024	31.12.2023	CHANGES
Trade payables:			
Direct subsidiaries			
Lavazza Australia Pty Ltd	126,199	297,707	(171,508)
Lavazza Coffee (UK) Ltd	1,636,515	1,276,987	359,528
Lavazza Deutschland G.m.b.H.	626,206	122,849	503,357
Lavazza Do Brasil Ltda	50,088	25,862	24,226
Lavazza Denmark ApS	375,745	714,022	(338,277)
Lavazza Kaffee G.m.b.H.	390,013	-	390,013
Lavazza France S.a.s.	78,570	7,880	70,690
Lavazza Maroc S.a.r.l.	70,994	89,527	(18,533)
Lavazza Netherlands B.V.	219,340	207,317	12,023
Lavazza North America Inc.	6,017,955	4,887,064	1,130,891
Lavazza Japan GK	11293	-	11,293
Lavazza Spain S.L.	626,159	679,344	(53,185)
Lavazza Trading (Shenzhen) Co.Ltd	50,214	907,257	(857,043)
Carte Noire S.a.s.	2,561,388	1,531,315	1,030,073
Cofincaf S.p.A.	8,222,517	10,015,257	(1,792,740)
E-Coffee Solutions S.r.l.	340,000	53,865	286,135
Nims S.p.A.	32,791	70,320	(37,529)
Indirect subsidiaries			
Lavazza Professional France S.a.s.	2,649,064	561,777	2,087,287
Lavazza Professional Germany G.m.b.H.	182,162	123,495	58,667
Lavazza Professional (UK) Ltd	43,909,705	21,870,393	22,039,312
Carte Noire Operations S.a.s.	4,598,417	4,302,115	296,302
MaxiCoffee Online S.a.s.	20,596	-	20,596
Controlled by the same parent company			
Lavazza Eventi S.r.l.	2,402,577	2,161,106	241,471
Lea S.r.l.	1,954,756	1,413,831	540,925
Associates			
Yi Bai Coffee Co. Ltd	874,636	70,056	804,580
Total trade payables	**78,027,900**	**51,389,346**	**26,638,554**
Financial payables:			
Direct subsidiaries			
Lavazza Coffee (UK) Ltd	19,600,588	3,379,072	16,221,516
Lavazza Denmark ApS	47,678,346	19,746,264	27,932,082
Lavazza Deutschland G.m.b.H.	30,798,942	33,246,906	(2,447,964)
Lavazza France S.a.s.	19,981,376	11,109,568	8,871,808
Lavazza Kaffee G.m.b.H.	2,131,492	2,915,757	(784,265)
Lavazza North America Inc.	18,568,568	4,039,281	14,529,287
Lavazza Spain S.L.	310,383	214,159	96,224
Lavazza Sweden AB	6,836,056	3,236,546	3,599,510
Carte Noire S.a.s.	32,949,795	18,463,783	14,486,012
Cofincaf S.p.A.	-	173,807	(173,807)
E-Coffee Solutions S.r.l.	-	109,189	(109,189)
Nims S.p.A.	13,605,414	7,858,575	5,746,839
Indirect subsidiaries			
Lavazza Baltics SIA	3,604,211	3,694,382.00	(90,171)
Lavazza Professional Germany G.m.b.H.	25,064,524	23,798,910	1,265,614
Lavazza Professional (UK) Operating Services Ltd	1,518,725	1,427,957	90,768
Carte Noire Operations S.a.s.	5,982,307	2,101,985	3,880,322
Controlled by the same parent company			
Lavazza Entertainment S.r.l.	494,832	484,776	10,056
Lavazza Eventi S.r.l.	683,973	337,031	346,942
Total financial payables	**229,809,532**	**136,337,948**	**93,471,584**
Total	**307,837,432**	**187,727,294**	**120,110,138**

The financial payables shown in the table refer to the negative balances of the Company's cash pooling system in which various Group companies participate.

Tax payables consist of the following:

	31.12.2024	31.12.2023	CHANGES
Income tax to be paid as withholding agents	4,347,170	3,779,732	567,438
Other taxes	153,570	503,482	(349,912)
Foreign value-added tax	6,703	8,175	(1,472)
IRAP (regional production tax)	578,539	-	578,539
Total	**5,085,982**	**4,291,389**	**794,593**

Tax payables amounted to €5,085,982 and were mainly attributable to the amounts withheld by the Company from employee remuneration, and to IRAP payable for €578,539.

The item "other liabilities" consists of the following:

	31.12.2024	31.12.2023	CHANGES
Trade discounts payable	97,705,288	80,578,668	17,126,620
Payables to personnel	20,051,961	14,699,265	5,352,696
Deposits received from third parties	45,156	42,196	2,960
Sundry trade payables	136,945	61,850	75,095
Financial debts	-	10,083	(10,083)
Other	23,233	57,179	(33,946)
Total	**117,962,583**	**95,449,241**	**22,513,342**

The item "trade discounts payable", amounting to €97,705,288, chiefly refers to credit notes to be issued to customers who reached the contractually established volume or sales targets during the year. The increase compared to the previous year was attributable to the turnover expansion reported in 2024.

Payables to personnel, amounting to €20,051,961, mainly relate to the balance of unused holiday and other leaves accrued during the year and production bonuses, partly included in the company welfare programme. During the year, the items relating to the payable for unused holiday accrued by employees and the payable for the 14th month salary, that until the previous year had been classified in the "accruals and deferred income" section, were reclassified to this amount. In line with the accounting standard, these items were reclassified among liabilities as expenses definitively accrued in the year. It was not deemed necessary to reclassify the components accrued in the previous year for comparison purposes.

ACCRUALS AND DEFERRED INCOME

The following table provides a breakdown of accruals and deferred income:

	31.12.2024	31.12.2023	CHANGES
Accruals:			
14th month salary	-	4,097,464	(4,097,464)
of interest	207,361	160,098	47,263
Total accruals	**207,361**	**4,257,562**	**(4,050,201)**
Deferred income:			
on tax relief for plant	9,092,758	8,594,078	498,680
on derivatives	436,754	17,062	419,692
on public grants	-	24,000	(24,000)
on franchising entry fees	2,467	2,467	-
Total deferred income	**9,531,979**	**8,637,607**	**894,372**
Total accruals and deferred income	**9,739,340**	**12,895,169**	**(3,155,829)**

The decrease recognised in the year was chiefly due to the reclassification from the Accruals and Deferred Income section to Liabilities of the items relating to payables for unused holiday accrued and the payables for the 14th month salary, as duly commented in the Liabilities section, to which reference is made.

The item "deferred income on tax relief for plant" refers to the future share of government grants pursuant to Article 1, paragraph 35, of Law No. 190/2014 (Research & Development Bonus), which have been accounted for according to the indirect method, spread over the useful lives of the plants to which the relief applies.

The item "deferred income on derivatives" refers to the positive change reported by forward points (the difference between the spot rate/price on the date of execution of the contract and the relevant contractual forward rate/price) and the time value of derivative contracts hedging against foreign exchange and commodity risks in place at 31 December 2024.
The amounts in question will be fully charged through profit or loss when the hedged costs are recognised.

DEFERRED INCOME ON POSITIVE CHANGE IN TIME VALUE OF DERIVATIVES

	31.12.2024	31.12.2023	CHANGES
Time value of options on exchange rates	206,778	16,993	189,785
Forward points based on spot exchange rate	229,976	69	229,907
Total	**436,754**	**17,062**	**419,692**

STATEMENT OF PROFIT OR LOSS

VALUE OF PRODUCTION

NET REVENUES

Net revenues for the year were broken down as follows:

CATEGORIES	YEAR 2024	YEAR 2023	CHANGES
Sales of coffee and food products	1,930,089,200	1,934,739,891	(4,650,691)
Sales of coffee machines and spare parts	78,014,767	78,472,548	(457,781)
Sales of raw materials and other ancillaries	21,187,878	11,433,694	9,754,184
Sales of advertising material	7,268,599	7,732,935	(464,336)
Sales of other products	3,614,794	3,997,739	(382,945)
Sales of packaging	69,054	407,114	(338,060)
Total	**2,040,244,292**	**2,036,783,921**	**3,460,371**

The following table shows revenues broken down in accordance with the provisions of the new OIC 34 with reference to:

- the amount recognised as consideration paid to customers and particularly the discounts and promotional allowances recognised as amounts due to customers, to be accounted for as a deduction from the overall contract value, i.e., net of revenues, and not as costs, as it was the case until 31 December 2023;
- the outcome of the analysis and the identification of the elementary accounting units of the Company's sales contracts. On the basis of its sales activity and the relevant contracts generally finalised with its customers, the Company identified an elementary accounting unit relating to coffee machines on free loan for use. This unit was valorised mainly by comparing the cost of the coffee machines with the turnover generated by sales to customers.

The outcome of the identification and evaluation process is illustrated in the table reported below:

	YEAR 2024
Net Core business revenues	1,930,089,200
of which:	
Revenues from sales of coffee and food products	2,077,248,945
Lease of coffee machines on free loan for use	17,771,287
Sales contributions	(164,931,033)

For a breakdown of composition, changes and events occurred in the year, reference should be made to the Report on Operations.

The table below provides a breakdown of sales by geographical area:

DESTINATION	SUBSIDIARIES	OTHER CUSTOMERS	TOTAL
EU countries	687,976,645	365,152,050	1,053,128,695
Other European countries	102,040,289	70,344,241	172,384,530
USA	72,561,457	9,102,733	81,664,190
Rest of the world	36,110,188	66,538,971	102,649,159
Total sales abroad	**898,688,579**	**511,137,995**	**1,409,826,574**
Total sales Italy	**34,065,708**	**596,352,010**	**630,417,718**
Total	**932,754,287**	**1,107,490,005**	**2,040,244,292**

OTHER INCOME AND REVENUES

The item "other income and revenues" was broken down as follows:

	YEAR 2024	YEAR 2023	CHANGES
Charge-backs to Group companies	102,004,683	113,768,556	(11,763,873)
Contingent income	4,492,691	12,744,815	(8,252,124)
Grants	1,305,966	6,901,248	(5,595,282)
Rentals	955,541	1,604,916	(649,375)
Income from compensation for damages	931,153	1,377,690	(446,537)
Royalties for the use of our trademarks third parties	988,137	1,144,644	(156,507)
Ordinary capital gains	157,102	122,302	34,800
Other	3,003,230	1,695,114	1,308,116
Total	**113,838,503**	**139,359,285**	**(25,520,782)**

The item "charge-backs to Group companies" of €102,004,683 related to Luigi Lavazza S.p.A.'s charge-back to company functions centralised within the Parent Company, such as general management, administrative, IT, logistic and promotional costs.

INFORMATION REQUIRED BY ARTICLE 1, PARAGRAPH 125, OF LAW NO. 124 OF 4 AUGUST 2017

Pursuant to Article 3-quarter of Decree-Law No. 135/2018, for information on grants received, reference should be made to the Italian National Register of State Aid, Transparency section, which provides a complete list of grants disbursed by government entities.

In addition to the information provided in the Italian National Register of State Aid, Transparency section, the following operational grants were recognised, together with the accrued share of capital grants the benefit of which was received in previous years:

OPERATIONAL GRANTS

DESCRIPTION	AMOUNT RECEIVED
IT and IT GREEN tax credit - Law 160/2019, as amended by Law 178/2020	279,448
Photovoltaic system incentives DM 19/02/07 New Energy Account - GSE	203,191
Training Plan - Fondimpresa	159,663
Total	**642,302**

CAPITAL GRANTS

DESCRIPTION	AMOUNT RECEIVED
Industry Contribution 4.0	539,511
R&D - IT - IT GREEN credit	303,344
Credit for investment in ordinary property, plant and equipment	24,000
Total	**866,855**

The decrease reported for the "Grants" item was attributable to the grants received in relation with gas and energy during the previous year and not any longer applicable in 2024.

Rentals refer to payments for coffee (beans and capsules), vending and OCS machines installed on customers' premises.

Ordinary capital gains were realised on the sale of assets no longer used in the production process.

The item "royalties for the use of our trademarks by third parties" mainly refers to the licences for using the Carte Noire trademark in France and the Lavazza trademark in France, the USA and Canada.

The item "contingent income" partly refers to the conversion into income of provisions recognised in previous years and determined to be in excess in 2024 and partly to prior years' revenues and lower unforeseen and unforeseeable costs recognised in the year. For further details, reference is made to the "Provisions for risks and charges" section in the Balance Sheet- Equity and Liabilities.

Net revenues from subsidiaries and included in value of production are as follows:

	NET REVENUES	OTHER INCOME	TOTAL
Holding Company			
Finlav S.p.A.	-	25,000	25,000
Direct subsidiaries			
Lavazza Australia Pty Ltd	25,599,194	3,292,163	28,891,357
Lavazza Capital S.r.l.	-	140,000	140,000
Lavazza Coffee (UK) Ltd	84,038,919	10,914,238	94,953,157
Lavazza Denmark ApS	127,010,192	7,194,889	134,205,081
Lavazza Deutschland G.m.b.H.	188,908,776	25,394,278	214,303,054
Lavazza France S.a.s.	56,456,451	2,681,577	59,138,028
Lavazza Japan GK	823,889	194,168	1,018,057
Lavazza Kaffee G.m.b.H.	16,996,747	2,020,866	19,017,613
Lavazza Maroc S.a.r.l.	-	12,468	12,468
Lavazza Netherlands B.V.	-	10,529	10,529
Lavazza North America Inc.	72,561,457	40,424,782	112,986,239
Lavazza Spain S.L.	-	52,506	52,506
Lavazza Sweden AB	9,390,833	1,303,051	10,693,884
Carte Noire S.a.s.	257,998,253	27,827,696	285,825,949
Cofincaf S.p.A.	-	101,013	101,013
E-Coffee Solutions S.r.l.	-	14,380,096	14,380,096
Kicking Horse Coffee Co. Ltd	-	560,892	560,892
Nims S.p.A.	33,876,990	529,389	34,406,379
Indirect subsidiaries			
Lavazza Professional France S.a.s.	913,701	682,498	1,596,199
Lavazza Professional Germany G.m.b.H.	30,166,365	3,223,263	33,389,628
Lavazza Professional (UK) Ltd	18,001,370	2,324,284	20,325,654
Lavazza Professional (UK) Operating Services Ltd	-	110,277	110,277
Carte Noire Operations S.a.s.	-	353,844	353,844
Lavazza Baltics SIA	-	806	806
MaxiCoffee Group S.a.s.	-	1,633	1,633
MaxiCoffee Online S.a.s.	135,327	-	135,327
Controlled by the same parent company			
Lavazza Eventi S.r.l.	177,152	399,611	576,763
Lea S.r.l.	11,566	429,776	441,342
Associates			
Fresh and Honest Café Ltd	697,507	276,294	973,801
Yi Bai Coffee Co. Ltd	8,989,598	29,487	9,019,085
Total	**932,754,287**	**144,891,374**	**1,077,645,661**

COSTS OF PRODUCTION

RAW MATERIALS, ANCILLARIES, CONSUMABLES AND GOODS

Purchases for the year were broken down as follows:

	YEAR 2024	YEAR 2023	CHANGES
Raw materials	1,225,072,180	1,005,974,153	219,098,027
Goods	136,278,158	102,403,490	33,874,668
Miscellaneous ancillary material	9,013,381	8,907,309	106,072
Total	**1,370,363,719**	**1,117,284,952**	**253,078,767**

The increase in the cost of raw materials was chiefly attributable to the green coffee component, significantly impacted by the price increase, in spite of the decline in stocked volumes both with regard to green coffee and Roast&Ground and capsule finished products due to lower stocks.

In line with the previous year, the cost of raw materials remained high throughout the year, slightly mitigated by the lower costs of energy sources used in production and by the stability of logistics and distribution costs.
Raw materials, in particular colonial goods, reported a strong uptrend in 2024; green coffee also reported its new historic high for Robusta at 5,722 $/tonne in September and for Arabica, which reached its peaks at 335.65 $cts/lb, to then depreciate to 319.75 $cts/lb, reporting in any case a +68% increase compared to the stock market value.

COSTS FOR SERVICES

The main costs for services were as follows:

	YEAR 2024	YEAR 2023	CHANGES
Commercial and sales costs	193,752,859	346,003,380	(152,250,521)
Ancillary purchasing and production costs	166,023,185	191,730,413	(25,707,228)
Other	72,390,740	75,424,799	(3,034,059)
Total	**432,166,784**	**613,158,592**	**(180,991,808)**

Commercial and sales costs decreased compared to the previous year and referred primarily to costs relating to advertising and promotional services, costs for trade fairs and events, as well as costs for machinery maintenance, commissions, advisory and market research, entertainment and hospitality and finished product transport costs.
The most relevant decrease, amounting to approximately €165 million, was attributable to the reclassification of the amount recognised as consideration paid to customers and particularly the discounts and promotional allowances recognised as amounts due to customers, to be accounted for, pursuant to the provisions of the new OIC 34, as a deduction from the overall contract value, i.e., net of revenues, and no longer as costs, as it was the case until 31 December 2023.
Net of this decrease, the item relating to commercial costs rose by about €13 million, mainly as a result of advertising services — including the global campaign launched in the year aimed at underlining how in the AI era the pleasure of a delicious break can make us human — and of sponsorships linked primarily to the world of sport, supporting in particular the brand's link with the Great Tennis.

Ancillary purchasing and production costs reported a significant net decline of €25.7 million compared to the previous year, mainly due to:

- a decrease in the costs of industrial utilities, in particular energy and gas, for €24.3 million;
- a reduction in the costs for logistic services, shipping, rents and insurance contracts for €2.3 million;
- an increase in the costs of outsourcing and technical consultancy and in ancillary costs of €0.9 million.

The item "other" decreased mainly as a result of lower costs for general and administrative services, ancillary personnel costs and Group IT costs.

Remuneration to Directors and Statutory Auditors for their activities during the year is indicated hereunder:

	TOTAL REMUNERATION PAID
Directors' fixed remuneration	2,047,019
Statutory Auditors' fixed remuneration	167,440
Total	**2,214,459**

USE OF THIRD-PARTY ASSETS

The following table provides a detailed description:

	YEAR 2024	YEAR 2023	CHANGES
Lease of software and electronic equipment	19,513,112	12,810,245	6,702,867
Property leases	9,288,518	9,279,369	9,149
Vehicle leases	4,809,295	4,407,282	402,013
Other leases	1,778,657	1,803,850	(25,193)
Royalties for use of trademarks and patents	171,500	99,449	72,051
Total	**35,561,082**	**28,400,195**	**7,160,887**

The item "lease of software and electronic equipment" increased by approximately €7 million chiefly due to the costs incurred for the adjustment and implementation of the Company's IT and management systems.

PERSONNEL COSTS

Personnel costs include wages, corresponding contributions, employee termination indemnities paid and the total cost of temporary employment.
The item "other personnel costs" includes voluntary contributions for supplementary insurance and pension schemes, one-off subsidies and gifts.
The increase of personnel costs is chiefly due to the accrual made during the year for the new long-term incentive plan.

The average number of employees and total headcount at year-end, broken down by category, is set out in the table below:

CATEGORIES	AVERAGE 2024	HEADCOUNT AT 31.12.2024	AVERAGE 2023	HEADCOUNT AT 31.12.2023
Executives	107.8	105	106.6	107
Managers	148.7	147	139.2	142
Middle Managers	216.8	217	209.5	212
White Collar	789.2	786	779.3	790
Travelling personnel	150.4	147	149.4	152
Blue Collars	443.5	441	453.1	451
Total	**1,856.4**	**1,843**	**1,837.1**	**1,854**

AMORTISATION, DEPRECIATION AND WRITE-DOWNS

The breakdown in the sub-items has already been reported in the Statement of Profit or Loss; the comments are given in the relevant item included in the Balance Sheet.

PROVISIONS FOR RISKS AND OTHER PROVISIONS

They refer to the following items:

	YEAR 2024	YEAR 2023	CHANGES
Provisions for risks:			
for legal charges and litigations	1,832,716	1,257,832	574,884
for future risks and charges	5,429,787	2,215,831	3,213,956
Total provisions for risks	**7,262,503**	**3,473,663**	**3,788,840**
Other provisions:			
for guarantees and endorsements	-	26,865	(26,865)
for prize competition charges	1,009	100,000	(98,991)
Total other provisions	**1,009**	**126,865**	**(125,856)**

Further details are given under section Provisions for risks and charges.

OTHER OPERATING CHARGES

The following table shows the main components:

	YEAR 2024	YEAR 2023	CHANGES
Other gifts and advertising material	2,898,389	2,986,981	(88,592)
Miscellaneous taxes and duties	2,226,399	2,309,720	(83,321)
Social charges	2,346,736	1,543,396	803,340
Association duties	1,057,054	1,042,700	14,354
Capital losses	103,569	100,325	3,244
Other	4,428,720	3,466,568	962,152
Total	**13,060,867**	**11,449,690**	**1,611,177**

Donations included €1 million in favour of the Giuseppe and Pericle Lavazza Foundation and other amounts to recognised non-profit organisations and entities in support of social, health and cultural projects.

The reported capital losses were of a non-financial nature and arose from the sale of fixed assets.

Production costs pertaining to subsidiaries were as follows:

	COSTS FOR PURCHASES	COSTS FOR SERVICES	COSTS FOR OTHER OPERATING EXPENSES	COSTS FOR FINANCIAL EXPENSE	TOTAL
Holding Company					
Finlav S.p.A.		334,101			334,101
Direct subsidiaries					
Lavazza Australia Pty Ltd	-	126,199	-	-	126,199
Lavazza Coffee (UK) Ltd	-	1,682,278	-	314,219	1,996,497
Lavazza Denmark ApS	-	375,745	31	837,377	1,213,153
Lavazza Deutschland G.m.b.H.	38,081	693,750	-	476,371	1,208,202
Lavazza Do Brasil Ltda	-	86,931	-	-	86,931
Lavazza France S.a.s.	38,920	74,747	-	404,382	518,049
Lavazza Japan GK	-	11,293	-	-	11,293
Lavazza Kaffee G.m.b.H.	106,829	390,013	-	31,539	528,381
Lavazza Maroc S.a.r.l.	-	193,845	-	-	193,845
Lavazza Netherlands B.V.	-	439,875	-	-	439,875
Lavazza North America Inc.	-	6,388,089	-	-	6,388,089
Lavazza Spain S.L.	-	626,159	-	9,919	636,078
Lavazza Sweden AB	-	173	602	121,790	122,565
Lavazza Trading (Shenzhen) Co.Ltd	-	717,017	-	-	717,017
Carte Noire S.a.s.	139,072	2,546,914	-	974,002	3,659,988
Cofincaf S.p.A.	-	901,457	-	679,768	1,581,225
E-Coffee Solutions S.r.l.	-	504,802	-	-	504,802
Kicking Horse Coffee Co. Ltd	-	34,869	-	-	34,869
Nims S.p.A.	545	706	55,081	570,158	626,490
Indirect subsidiaries					
Lavazza Baltics SIA	-	-	-	70,586	70,586
Lavazza Professional Germany G.m.b.H.	69,234	112,928	-	311,467	493,629
Lavazza Professional France S.a.s.	-	188,414	-	-	188,414
Lavazza Professional (UK) Ltd	44,851,804	15,888,932	-	-	60,740,736
Lavazza Professional (UK) Operating Services Ltd	-	-	-	31,874	31,874
Carte Noire Operations S.a.s.	-	25,590,834	-	133,675	25,724,509
MaxiCoffee Online S.a.s.	-	37,896	-	-	37,896
Associates					
Yi Bai Coffee Co. Ltd	-	884,636	16,303	-	900,939
Controlled by the same parent company					
Lavazza Entertainment S.r.l.	-	-	-	20,404	20,404
Lavazza Eventi S.r.l.	-	2,904,737	138,019	53,672	3,096,428
Lea S.r.l.	1,065	3,262,314	-	-	3,263,379
Total	**45,245,550**	**64,999,654**	**210,036**	**5,041,203**	**115,496,443**

FINANCIAL INCOME AND EXPENSE

FINANCIAL INCOME

The following table shows the main components:

	YEAR 2024	YEAR 2023	CHANGES
Income from investments			
Dividends from subsidiaries	51,790,066	45,192,926	6,597,140
Income from other companies	446,152	-	446,152
Total	**52,236,218**	**45,192,926**	**7,043,292**

Dividends from subsidiaries — entirely collected at 31 December 2024 — consisted of:

COMPANY	AMOUNT
Lavazza Capital S.r.l.	19,405,860
Carte Noire S.a.s.	12,000,000
Lavazza Deutschland G.m.b.H.	9,000,000
Lavazza Denmark ApS	4,691,375
Lavazza France S.a.s.	2,000,000
Lavazza North America Inc.	1,871,082
Nims S.p.A.	1,821,749
Lavazza Kaffee G.m.b.H.	1,000,000
	51,790,066

Income from other companies related to the sale of the investment in the company Connect Ventures ONE LP in October.

Other financial income was broken down as follows:

	YEAR 2024	YEAR 2023	CHANGES
Interest income			
on non-current receivables	11,330,173	7,742,822	3,587,351
on bank current accounts	3,676,440	2,515,069	1,161,371
from subsidiaries and associates	1,748,822	786,778	962,044
from companies controlled by the Parent Company	103,295	86,270	17,025
Total interest income	**16,858,730**	**11,130,939**	**5,727,791**

The item "interest income on non-current receivables" mainly referred to the interest accrued at year-end on the outstanding loans described in the dedicated section of the Balance Sheet.

Other interest income from subsidiaries and associates, and from companies controlled by the same Parent Company referred to the interest income accrued on the centralised treasury account.

FINANCIAL EXPENSE

Interest expense and other financial expense for the year were broken down as follows:

	YEAR 2024	YEAR 2023	CHANGES
Interest expense			
to credit institutions	23,585,393	22,056,185	1,529,208
to subsidiaries and associates	4,287,360	1,107,399	3,179,961
to companies controlled by the Parent Company	74,075	59,873	14,202
Total interest expense	**27,946,828**	**23,223,457**	**4,723,371**
Expenses and commissions			
to subsidiaries and associates	679,768	525,433	154,335
Total expenses and commissions	**679,768**	**525,433**	**154,335**
Total interest and financial expense	**28,626,596**	**23,748,890**	**4,877,706**

Other interest expense to subsidiaries, associates and companies controlled by the Parent Company referred to the interest expense accrued on the centralised treasury account.

The item "interest expense to credit institutions" mainly referred to the interest accrued on the sustainability-linked loans and the revolving credit facility entered into in previous years and in the reporting year, described in detail in the Balance Sheet - Equity and Liabilities section of these Notes.

EXCHANGE GAINS AND LOSSES

Realised and unrealised exchange gains and losses are given in the table below:

	YEAR 2024	YEAR 2023	CHANGES
Unrealised exchange gains	3,414,340	3,974,766	(560,426)
Realised exchange gains	8,010,690	9,728,996	(1,718,306)
Total exchange gains	**11,425,030**	**13,703,762**	**(2,278,732)**
Unrealised exchange losses	2,635,760	6,054,393	(3,418,633)
Realised exchange losses	9,867,771	11,309,450	(1,441,679)
Total exchange losses	**12,503,531**	**17,363,843**	**(4,860,312)**
Net exchange gains (losses)	**(1,078,501)**	**(3,660,081)**	**2,581,580**

VALUE ADJUSTMENTS TO FINANCIAL ASSETS

The company does not hold derivatives of a speculative nature.

However, where the derivatives do not meet all the conditions for applying hedge accounting treatment imposed by the standard OIC 32, changes in the fair value of the instruments are taken to the statement of profit or loss as adjustments reducing the value of financial assets and liabilities.

Therefore, a net write-down of €936,371 was recognised in the year due to the ineffective component of the derivatives contracted to hedge against foreign exchange and interest rate risks and subject to hedge accounting, since the said component met all the conditions for the hedge accounting treatment of derivatives as per OIC 32.

The €6,000,000 write-down referred to the investment in the company ECS. This adjustment chiefly referred to the extraordinary losses reported by Lavazza Professional France S.a.s. during the Covid period (mainly in 2021 and 2022), subsequently covered and recapitalised through the related waiver of a €6 million shareholder loan.

INCOME TAXES FOR THE YEAR

Current taxes are allocated based on reasonable forecasting of charges, due account being taken of applicable exemptions..

The following table provides a detailed description::

Current taxes for the year	
IRES (corporate income tax)	(1,614,154)
IRAP (regional production tax)	4,594,197
Other current taxes	171,532
Prior years' taxes	1,276,499
Allocation to provision for future taxes	-
Deferred taxes for the year	
Provision for deferred tax assets	(13,100,248)
Reversals of deferred tax assets	20,216,707
Provision for deferred tax liabilities	-
Reversals of deferred tax liabilities	(1,638,191)
Total taxes	**9,906,342**

Changes in deferred tax assets and liabilities and a breakdown of taxes are summarised in the following table, which was prepared pursuant to Article 2427(14) of the Italian Civil Code:

NATURE	YEAR 2023									YEAR 2024	
	BALANCE AT YEAR-START			INFLOWS			PROVISIONS			BALANCE AT YEAR-END	
	TAXABLE AMOUNT	%	TAX CHARGE	TAXABLE AMOUNT	%	TAX CHARGE	TAXABLE AMOUNT	%	TAX CHARGE	TAXABLE AMOUNT	TAX CHARGE
DEFERRED IRES TAXES											
Tax losses for contribution for economic growth (ACE) carried forward	71,560,281		17,174,465	(49,292,742)		(11,830,258)	4,465,088	24.0%	1,071,621	26,732,627	6,415,828
Allocations to deferred deductibility provisions	122,034,637	24.0%	29,288,311	(34,755,746)	24.0%	(8,341,379)	52,287,146	24.0%	12,548,915	139,566,037	33,495,847
Statutory / tax differences from asset revaluation	5,185,815	24.0%	1,244,596	-	24.0%	-	-	24.0%	-	5,185,815	1,244,596
Statutory / tax differences depreciations	1,764,049	24.0%	423,372	(161,551)	24.0%	(38,772)	323,347	24.0%	77,603	1,925,845	462,203
PREPAID IRAP TAXES											
Statutory / tax differences from asset revaluation	5,185,815	3.9%	202,246		3.9%		-	3.9%	-	5,185,815	202,246
Statutory / tax differences depreciations	1,764,049	3.9%	68,798	(161,551)	3.9%	(6,300)	323,347	3.9%	12,611	1,925,845	75,109
Hedge reserve for expected cash flows	5,282,152		1,473,720	(5,282,152)		(1,473,720)	-	-	-	-	-
TOTAL DEFERRED TAX ASSETS			**49,875,507**			**(21,690,430)**			**13,710,750**		**41,895,828**
DEFERRED IRES TAX LIABILITIES											
Statutory / tax differences from M&As	9,429,045	24.0%	2,262,971	(6,781,325)	24.0%	(1,627,518)	-	24.0%	-	2,647,720	635,453
DEFERRED IRAP TAXES											
Statutory / tax differences from M&As	2,921,383	3.9%	113,934	(273,665)	3.9%	(10,673)	-	3.9%	-	2,647,718	103,261
Hedge reserve for expected cash flows	14,867,406		3,568,177	(14,867,406)	-	(3,568,177)	9,584,183		2,513,900	9,584,183	2,513,900
TOTAL DEFERRED TAXES			**5,945,082**			**(5,206,368)**			**2,513,900**		**3,252,614**

The reversal of temporary differences in future years was assessed on the basis of the best available estimates and according to the prudence principle. In particular, deferred tax assets were only recognised when it was reasonably certain to recover them based on an expected taxable income that would permit the deferred tax assets to be reabsorbed upon reversal of the differences.
The recoverability of deferred tax assets took account of the Company's expected financial performance and cash flows.

The reconciliation between the tax charge as per financial statements and theoretical IRES and IRAP tax charge is given in the following tables:

IRES (CORPORATE INCOME TAX)	TAXABLE AMOUNT	THEORETICAL TAX RATE	TAX CHARGE	EFFECTIVE TAX RATE
Gross profit	**61,136,428**	**24.00%**	**14,672,743**	**24.00%**
Higher tax charge	**48,108,333**		**11,546,000**	**18.89%**
of which for:				
Non-deductible taxes	564,657		135,518	0.22%
Non-deductible write-downs	6,000,000		1,440,000	2.36%
Non-deductible depreciation and amortisation	1,137,639		273,033	0.45%
Non-deductible provisions	20,057,432		4,813,784	7.87%
Other non-deductible costs	20,348,605		4,883,665	7.99%
Lower tax charge	**(81,865,478)**		**(19,647,715)**	**-32.14%**
of which for:				
Costs undeducted in previous years	-		-	0.00%
Dividends	(49,650,561)		(11,916,135)	-19.49%
Other deductible costs	(16,980,934)		(4,075,424)	-6.67%
Patent Box incentive	-		-	0.00%
Use of provisions	-		-	0.00%
Contribution for economic growth (ACE)	(15,233,983)		(3,656,156)	-5.98%
IRES before deductions	**27,379,283**	**24.00%**	**6,571,028**	**10.75%**
Tax deductions			11,080	
IRES before use of prior losses			**6,559,948**	
Income from CNM			(8,174,102)	
Actual IRES charge			**(1,614,154)**	

IRAP (REGIONAL PRODUCTION TAX)	TAXABLE AMOUNT	THEORETICAL TAX RATE	TAX CHARGE	EFFECTIVE TAX RATE
Value of production (A-B)	**252,684,686**	**5.57%**	**14,070,769**	**5.57%**
Gross income	(11,087,299)		(617,397)	-4.39%
Higher tax charge	**12,054,347**		**671,247**	**0.27%**
of which for:				
Costs for outsourced personnel	2,058,903		114,650	0.05%
Non-deductible depreciation and amortisation	657,175		36,595	0.01%
Other non-deductible costs	9,338,269		520,002	0.21%
Lower tax charge	**(171,148,543)**		**(9,530,422)**	**-3.77%**
of which for:				
Costs undeducted in previous years	(161,462)		(8,991)	0.00%
Use of deductible provisions	(10,733,482)		(597,695)	-0.24%
Deductible contributions and costs for personnel	(160,253,599)		(8,923,736)	-3.53%
Actual IRAP charge	**82,503,190**	**5.57%**	**4,594,197**	**1.82%**

COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

Third-party guarantees in our favour **€8,290,537**

They consist of guarantees given in our favour by banks: €1,523,981 in the interest of the Ministry of Economic Development for prize contest; €4,964,254 for the application for VAT reimbursement to a Group company; €613,271 (JPY 100,000,000) in the interest of Tokyo Customs for import duties and taxes; €303,467 to the Region of Piedmont for clearance work and safety assessment associated with the new Headquarters; €34,985 for a loan connected with scholarships of Parma University; €16,702 to Consorzio Nucleo Sviluppo Industriale Isernia for drinking water supply; €51,650 to Customs; and €782,227 for property leases.

Guarantees in favour of subsidiaries **€20,302,880**

The account consists of €8,243,062 in guarantees in favour of Cofincaf S.p.A. to finance contracts with Ho.Re.Ca. customers, €11,518,944 for financing customers' purchases of vending machines for beverages, and €540,874 for loans to employees.

Subsidiary for collection of credits **€25,219,136**

This includes credits outstanding at year-end managed for collection by the subsidiary Cofincaf S.p.A.

Leasing company for upcoming lease payments **€57,780,455**

This includes upcoming lease payments to be made to the leasing company as per finance lease agreement entered into for the construction of the Company's headquarters.

SUPPLEMENTARY INFORMATION AND STATEMENTS

INFORMATION ON PAYABLES DUE AFTER 5 YEARS AND/OR SECURED BY COLLATERAL ON COMPANY ASSETS

(pursuant to Article 2427, paragraph 6, of the Italian Civil Code)
There are no payables secured by collateral on company assets.

INFORMATION ON CAPITALISED FINANCIAL EXPENSE

(pursuant to Article 2427, paragraph 8, of the Italian Civil Code)
There is no capitalised financial expense to be reported.

CONSIDERATION OWED TO THE INDEPENDENT AUDITORS

(pursuant to Article 2427, paragraph 16-bis, of the Italian Civil Code)
The information required by the above-mentioned regulation is included in the Notes to the Consolidated Financial Statements of the Lavazza Group at 31 December 2024 prepared by the Company.

RELATED PARTY TRANSACTIONS

(pursuant to Article 2427, paragraph 1, No. 22-bis, of the Italian Civil Code)
With reference to the provisions of applicable legislation, in the reporting year the Company carried out transactions with Group companies as part of its ordinary business and concluded at arm's length conditions. For further details, reference is made to the relevant sections of the Balance Sheet and Statement of Profit or Loss.

OFF-BALANCE SHEET ARRANGEMENTS

(pursuant to Article 2427, paragraph 1, No. 22-ter, of the Italian Civil Code)
There were no arrangements the effects of which are not presented in the Balance Sheet and knowledge of which would be helpful to assessing the Company's capital and financial position.

POST BALANCE SHEET EVENTS

(pursuant to Article 2427, paragraph 1, No. 22-quater, of the Italian Civil Code)
At the macroeconomic level, at the reporting date the global political situation is still characterised by the uncertainties associated with the widespread geopolitical pressures due to the persistent conflicts in Ukraine and the tensions in the Middle East, the recent government changes in the main European and American countries and the environmental and technological challenges.
On the economic side, growth in the Euro area showed some signs of weakening at the end of 2024, impacted in particular by sluggish consumption and investments, as well as by the decline in exports. Early 2025 is expected to record modest growth, driven mainly by services, against a weak industrial sector due to a low demand for consumer goods. Inflation in the Eurozone remains moderate, at about 2 percent (a +2.5% increase was reported in January), but relatively higher at the level of services, with stabilisation prospects around the target levels.
Italy's economic situation as well is in line with these prospects, as it is impacted like the other countries of the Euro area by weak manufacturing and a slowdown in the demand for consumer goods. Core inflation remains modest and in line with the performance of the Euro area, with the business sector forecasting moderate increases in prices in 2025.
Uncertainties with regard to the economic prospects of the Euro area and Italy could be negatively impacted by the announced exacerbation of the US trade policy.
With reference to interest rates, the "wait and see" approach of the markets confirm the easing of the monetary policy begun in 2024. In early March 2025, the ECB cut interest rates by 25 basis points and further cuts are expected in 2025 based on the evolution of inflation. The interest rate cuts highlight, between the end of 2024 and early 2025, a modest business demand for financing, albeit in a context of weak investments. By contrast, household mortgages continue to gradually recover.
The economic impact of this scenario is currently difficult to assess, but we are implementing all solutions to cope with an unprecedented negative scenario in our sector, considering effective solutions at the level of profitability and focusing on our international growth strategy to fully exploit the future opportunities offered by the market.

COMPANY PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

(pursuant to Article 2427, paragraph 1, No. 22-quinquies/sexies, of the Italian Civil Code)

FINLAV S.P.A.
Offices: Via Bologna 32 - 10152 TURIN, Italy
Fully paid-up share capital €167,500,000
Tax code and Turin Company Register No. 03028560153
Turin Economic and Administrative Index (REA): 910824

ALLOCATION OF THE PROFIT FOR THE YEAR

(pursuant to Article 2427, paragraph 1, No. 22-septies, of the Italian Civil Code)
We propose that the profit for the year, which amounted to €51,230,085 , be allocated to a dividend of € 1.73 per share to the 22,590,002 outstanding shares, for a total payout of €39,080,703 , with the remaining €12,149,382 as profit carried forward.

Turin, 27 March 2025

STATUTORY AUDITORS' REPORT

SUSTAINABLE PRINT

SINGLE PAGE PRINT

JOINT STOCK COMPANY LUIGI LAVAZZA S.p.A.
Registered Offices: Turin - via Bologna 32
Fully paid up share capital €25,090,000.=
Tax code and Turin Company Register No. 00470550013

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Shareholders,

We examined the draft Financial Statements of Luigi Lavazza S.p.A. (hereinafter also "LAVAZZA" or the "Company") for the year ended 31 December 2024, prepared by the Board of Directors and submitted to us within the terms established by law, together with the accounting statements and the related annexes. It should be noted that this Report has been approved collegially.

On 27 March 2025, the Administrative Body has provided access to the following documents, approved on that same date and concerning the year ended 31 December 2024:

- the draft Financial Statements prepared in compliance with the Italian Civil Code, interpreted and supplemented by the accounting standards drawn up and revised by the Italian Accounting Standard-Setter (OIC), as adjusted to incorporate the amendments, integrations and developments introduced as of 1 January 2016 by Italian Legislative Decree No. 139/2015 and, in the absence of the former, and where no conflict exists, by the standards issued by the International Accounting Standards Board (IASB), and comprising the Balance Sheet, the Statement of Profit or Loss, the Statement of Cash Flows and the Notes;
- the Report on Operations.

With regard to the activity referred to in Legislative Decree No. 39/2010, you have entrusted the auditing firm EY S.p.A. with statutory auditing for the 2022-2023-2024 three-year period, until the approval of the Financial Statements for the year ended 31 December 2024.

The activities we carried out are described herein.

Moreover, this Report is inspired to the law and by Standard No. 7.1, "*Standards of Conduct for Boards of Statutory Auditors — Principles of Conduct of Boards of Statutory Auditors of Unlisted Companies*", issued by Italy's National Council of Chartered Accountants and Accounting Experts.

Supervisory activity pursuant to Article 2403 *et seqq.* of the Italian Civil Code

This Report summarises the activities falling within the scope of the disclosure as per Article 2429, paragraph 2, of the Italian Civil Code, and referring in particular to:

- the activity performed in fulfilment of statutory duties;
- the results for the year;
- remarks and proposals concerning the Financial Statements, with particular regard to any case in which the Administrative Body avails itself of derogations pursuant to Article 2423, paragraph 5 (formerly 4), of the Italian Civil Code;
- any complaints received from shareholders pursuant to Article 2408 of the Italian Civil Code.

As part of our activities, we requested and obtained from the Company's Directors and managers information about the business, the general operating performance and the business outlook, as well as about the most significant economic, financial and capital transactions undertaken by LAVAZZA and its subsidiaries/ associates.

Related party transactions are illustrated in the Notes to the Financial Statements, to which reference should be made also with regards to the nature of the transactions carried out and the criteria for determining the related remuneration.

We evaluated and verified the adequacy of the organisational structure and of the administrative and accounting system with reference to their actual functioning, as well as their reliability in reporting on operations by obtaining information from the heads of the relevant functions and by examining the Company's documents.

In addition:

- we monitored compliance with the law and the Articles of Association, and respect for principles of sound management;
- we participated in Shareholders' Meetings and in meetings of the Board of Directors, verifying that the resolutions passed and implemented complied with the law and the Articles of Association, and ensuring that they were neither imprudent nor gave rise to conflicts of interest or to situations able to jeopardise the integrity of the Company's assets;
- we acquired information from the Manager in charge of the internal control system and no significant data and information emerged that would require mention in this report;
- we obtained information by the Supervisory Body and no critical issues emerged with respect to proper implementation of the organisational model that would require mention in this report;
- we obtained information from the auditing firm EY S.p.A. regarding the outcome of the periodic checks performed by the latter during its term of office, as well information on the regular and proper keeping of the accounts and on the Financial Statements' compliance with the relevant regulations and their correspondence with the accounting records;
- no complaints were filed pursuant to Article 2409, paragraph 7, of the Italian Civil Code;
- no complaints were received pursuant to Article 2408 of the Italian Civil Code;
- during the year, the Board of Statutory Auditors issued the opinions provided for by the law;
- in carrying out the aforementioned supervisory activity and based on the information obtained, we found no omissions, censurable matters, irregularities or any significant circumstances that would require a complaint to be filed or merely a mention in this Report;
- in addition, pursuant to Article 2426, paragraph 1, points 5 and 6, of the Italian Civil Code, the Board of Statutory Auditors also granted its consent to the recognition of amounts allocated to the item "development costs and goodwill", whereas no start-up and expansion costs were recognised in the year.

With reference to the Corporate Crisis and Insolvency Code, we found that the Company has an organisational, administrative and accounting structure adequate to its nature and size and suitable to promptly identify any corporate crisis, as well as to allow the Administrative Body to take the necessary and appropriate measures to ensure business continuity.

Remarks concerning the Financial Statements

The draft Financial Statements for the year ended 31 December 2024, approved by the Administrative Body, comprise the Balance Sheet, the Statement of Profit or Loss, the Statement of Cash Flows and the Notes. The Report on Operations pursuant to Article 2428 of the Italian Civil Code was also prepared. We received all the said documents within the terms established by Article 2429 of the Italian Civil Code. We thus examined the draft Financial Statements, in regard to which the following additional information is provided:

- since we are not responsible for the statutory auditing of the Financial Statements, we assessed their overall layout — including that of the Report on Operations — and their overall compliance with the law in terms of preparation and structure, all this through direct checks and the exchange of information with the auditing firm EY S.p.A., pursuant to Article 2409-*septies* of the Italian Civil Code; in this regard, we did not receive any observations nor have any observations that would require mention in this Report;
- the auditing firm EY S.p.A. has drawn up its report, which does not contain any remarks, adverse opinions, disclaimers of opinion or requests for additional information, and the opinion issued is therefore fully positive;
- when preparing the Financial Statements, the Administrative Body did not avail itself of the derogation pursuant to Article 2423, paragraph 5, of the Italian Civil Code;
- we verified that the Financial Statements were consistent with company facts and information of which we became aware in discharging our specific duties and we do not have any further remarks on this subject;
- we verified the evaluation criteria set forth in Article 2426 of the Italian Civil Code, carrying out our supervisory activity with a view to safeguarding the integrity of the Company's assets;
- it bears noting that the Company prepares its Consolidated Financial Statements and, in this regard, the auditing firm EY S.p.A. reported to you on the proper preparation of the same, as well as on consistency of the Report on Operations with that document and its compliance with the law, thus issuing a clean opinion.

Remarks and proposals concerning the approval of the Financial Statements

Shareholders,

in light of the foregoing and also considering the positive outcome of the activity performed by the independent auditors, with regard to the areas within our remit, we do not find any impediments to the approval of the Financial Statements for the year ended 31 December 2024, as per the draft Financial Statements prepared and approved by the Board of Directors in its meeting held on 27 March 2025. Accordingly, we invite you to approve the Financial Statements for the year ended 31 December 2024, as prepared by Directors, as well as the allocation of net profit for the year amounting to €51,230,085.

Turin, 11 April 2025

THE BOARD OF STATUTORY AUDITORS

(Gianluca FERRERO)

(Angelo GILARDI)

(Alessandro FORTE)

INDEPENDENT AUDITORS' REPORT

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EY
Shape the future
with confidence

Luigi Lavazza S.p.A.

Financial statements as at 31 December 2024

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

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EY S.p.A.
Via Giuseppe Giacosa, 38
10125 Torino

Tel: +39 011 5161611
Fax: +39 011 5612554
ey.com

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 (Translation from the original Italian text)

To the Shareholders of
Luigi Lavazza S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Luigi Lavazza S.p.A. (the Company), which comprise the balance sheet as at 31 December 2024, the income statement and statement of cash flows for the year then ended, and explanatory notes.
In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with the Italian regulations governing financial statements.

Basis for Opinion

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

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

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Italian regulations governing financial statements, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Report on compliance with other legal and regulatory requirements

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

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

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

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

In our opinion, the Report on Operations is consistent with the financial statements of Luigi Lavazza S.p.A. as at 31 December 2024.

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

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

Torino, 11 April 2025

EY S.p.A.
Signed by: Stefania Boschetti, Auditor

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

Registered and administrative offices:
Via Bologna 32 – 10152 Turin – Italy
Subscribed and fully paid-up capital: €25,090,000
Tax code and registration No. at the Turin Register of Companies: 00470550013

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