STIGA C S.à r.l.
FY23 Annual Report

Consolidated Financial Statements
for the Year 1 January 2023 to 31 December 2023

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A Message from Sean Robinson – CEO

Well-equipped to navigate a world of uncertainty

2023 proved to be an unpredictable year with geopolitical, economic and climatic uncertainty. It was also a year in which the trade was adjusting back into a post-Covid rhythm. This reset was driven by several factors but notably destocking from 2022 inventories and cautious consumer spending. Combined, these effectively shrank the market for all manufacturers significantly in the first semester, although in the second semester some recovery was seen, particularly in the mass market channel, where pricing is lower. Despite such challenging trading conditions, STIGA once again demonstrated the resilience of the Group, its people, customer base and supplier network by navigating the year profitably.

As I reflect upon the past 12 months, I would note that the Group's operational flexibility has allowed us to manage through the rapidly changing market. Our manufacturing presence in Europe has provided customer lead time advantages and allowed us to manage working capital efficiently. In addition, I am pleased with the progress we've made on our strategic imperatives and STIGA brand. Our investment in research and development continues to add quality and breadth to our portfolio, creating value with intelligent and technologically advanced products.

Investing to accelerate sustainable Innovation for growth

Leading this in 2023 was the launch of the first autonomous robotic lawnmower. Built around our patented navigation technology AGS, the new product range transforms the capabilities of the Group with multiple opportunities for future applications. I am delighted with the market share gains in this sector and have high confidence that 2024 will be even better.

STIGA is very strong in petrol powered products but in addition we have also curated an electrified range which is a viable or superior alternative to petrol. Built around our in-house battery and electronics design these products are kinder to the environment, energy efficient, quieter and are built in Europe, hence we are well-placed to be in command of the supply and value chains. In effect, 2023 saw the Group 'future proof' the entire range as the market transitions to electrification.

With 90 years of experience in the market and equipped with leading technologies, STIGA products are uniquely placed to blend the way people interact with and get the best out of their products and gardens.

Embracing new opportunities and future development

In the first four months of the new fiscal year, developments are positive. The destocking cycle seen in 2023 is winding down across the entire market and consequently our order intake rate since January is higher than the previous year and is continuously growing, now standing at +25% year on year. The first data on sell-out shows a performance which is better than 2023 and market share gains. These two facts affirm management expectations to deliver Q2 sales at a level which is much higher than in 2023.

The current geopolitical instability is not significantly impacting Group costs given adequate stock levels and our wide European manufacturing base. Management has taken a number of positive steps to drive further efficiencies in the cost base, while working capital absorption has been materially reduced.

All in all, management expects there to be a material improvement in Group profitability for 2024, considering the full year effect of the actions taken to reduce the fixed cost base and excluding the high non-recurring costs born in 2023, the overall result on a pro-forma basis would return profitability percentage on net sales to be higher than 2022.

Our R&D programme builds upon our technical leadership. In 2024 we launched an additional 5 models of autonomous robot in differing price sectors with a very encouraging reception and placement taken in traditional dealers as well as mass market channels. We also launched a range of 20v handheld tools that recharge during storage, a unique functionality on the market. In addition, we are extending our technology further with a greater level of own designed/made components.

I am confident about what lies ahead. Our talented workforce, best in class technology and data provided by connected devices will all combine to produce a stronger business in the months and years to come. Our Business Plan includes a new range of connected and autonomous products, deepening further our knowledge and insights into the market and consumer behaviours. New distribution channels and market expansion are opportunities for further growth. Our goal remains to be the brand of choice by helping people nurture their patches of green with intelligent products, made to the highest of standards, using materials and process sympathetic to the environment. This underscores our intent to keep sustainability at the core of STIGA's strategy in the future.

Thank you for your continued support and trust.

Summary of the Year 2023

2023 was a complex and difficult year, characterised by ongoing inflationary pressures, high interest rates and low growth, which, coupled with worsening geopolitical instability, depressed customer buying appetite. Simultaneously high trade stocks persisted as dealers took onboard deliveries resulting from supply chain disruption in 2022.

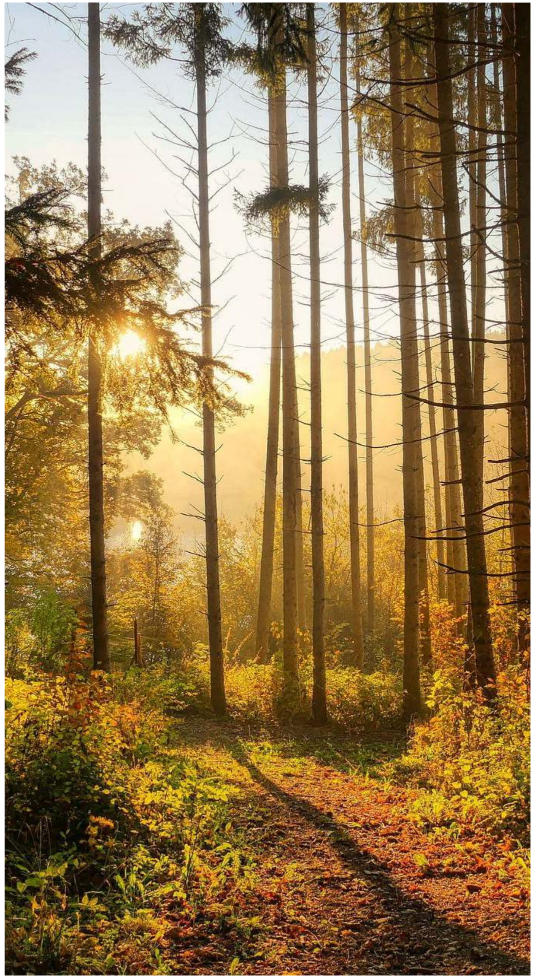
The market contracted during the first semester but recovered slightly in the second semester, albeit this was mainly driven by the mass market channel. All in all, we saw the total market size return to a level last seen in 2016, with STIGA's market share at 8.3%. Within this share we increased the proportion of branded sales to 62% following our strategic decision to exit some of our comparatively low-margin private label activities. Our focus is building the quality of our business through increasing branded sales and by leading with the STIGA brand.

STIGA introduced a new range of autonomous robots and has immediately built a solid market share in the category, despite the fierce opposition put in place by the main competitors.

Profitability was supported by higher branded sales and cost reduction actions implemented throughout the business. We simultaneously implemented some changes to our organisational structure resulting in a number of non-recurring costs which impacted our financial results but will ensure we have a leaner organisation in the future.

An ongoing management focus is working capital improvements resulting from the reduction of the inventory levels. The positive cash generation improved the Net Financial Position by +17%. Additionally, the Group repaid a portion of its long-term debt.

STIGA continued to invest in innovative products in line with the Business Plan and the ESG strategy. The development of our sales team continued with significant product training and a new CRM system to manage sales force performance. The Company also committed to a significant enhancement of its trade dealer incentive programme. Platinum, gold and silver classification enables dealers with a richer ranging capability whilst simultaneously increasing STIGA's quality of sales. This was launched in every country with a nearly 100% take-up rate. STIGA also expanded the B2B and B2C eCommerce capabilities, improving our customers' online experience with a new website design, new web features and the introduction of a new mobile app, STIGA.GO.



Key Performance Indicators

STIGA's most significant results in 2023 include:

- Sales registered -29% vs. 2022, mainly in France, UK and Germany. Battery products represented 10% of total sales (7% in 2022).
- EBITDA was EUR 33.6 million (-48% vs. 2022), due to lower sales in a contracting market. Operating costs were affected by a number of non-recurring cost items. Considering the non-recurring costs born in 2023 and the full year effect of fixed cost reduction actions, the overall profitability of the year on a pro-forma basis would have been EUR 48.0 million, with a percentage on net sales higher than 2022.
- Net Financial Position was EUR -112.1 million, +23.1 million vs 2022 (+17%), driven by the decrease of Trade Working Capital due to reduction of receivables, better cash collection and optimisation of stock levels.
- The countries served in the world increased by 3, up to 92, confirming our ability to enlarge our Export business.
- Average employees decreased by 374 Full Time Equivalent (-22% vs. 2022), mainly in Slovakia, China and Italy, due to lower production quantities and to the implementation of a new organisation structure.
- Capex at EUR 12.3 million was EUR 5.1 million lower than 2022, still allowing the continuation of the R&D programme of investments aimed at developing innovative products and enlarging the range of battery products.
- The management and leadership team remain optimistic for the future trading given the increase on branded sales, higher level of robotic technology, future proofed, complete electrified range and new dealer commercial policy in place for 2024.

Net Sales

451.0m

-29% vs 2022

EBITDA

33.6m

-48% vs 2022

Net Financial Position

-112.1m

+17% vs 2022

Countries served

92

+3 vs 2022

Average employees

1,340

-22% vs 2022

Capex

12.3m

-29% vs 2022

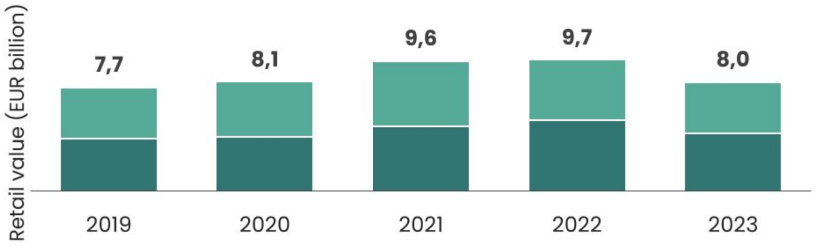
The STIGA Group Culture & Vision

STIGA at a Glance

- With a strong heritage dating back to 1934, STIGA is a leading player in the lawn mower and **powered garden equipment market in Europe** and is the European **market leader in ride-on**.

- The European powered garden equipment market is estimated at EUR 8.0 billion (retail price value), **with STIGA accounting for 8.3% share**. Following the flux during the years affected by Covid-19, the market declined in 2023 (-17% vs 2022) as consumers prioritised spending on other areas.

European Market Value Trend



Company elaboration based on GFK and EGMF data of relevant product categories

- The Group serves the **residential gardening market** under its leading brand STIGA and four other brands (Mountfield, Alpina, Castelgarden & Atco) as well as serving leading Original Equipment Manufacturers ("OEM") and private label customers. All the brands in the Group have individual **histories greater than 50 years**, with Atco's stretching back to 1921.

- The Group has long standing relationships with a diversified customer base and a broad, cost competitive and quality-focused product portfolio.

The STIGA Group Story

1934
Stig Hjelmquist establishes the Fabriksprodukter Company, laying the foundation for the future STIGA AB Company.

The Company comes to the market with the first products - these are bakelite products, a material that will become known as plastic a few decades later.

1949
Changing the name STIGMA to the current **STIGA**.

1958
STIGA starts producing and selling **lawn mowers** that Stig discovered while travelling to the United States in the previous years.

1971
Castelgarden starts producing and selling **collecting lawn mowers** with a collector bag made of plastic.

1975
STIGA launches the very first **Park** front mower: Park 2000.

1985
STIGA introduces the first **mulching** lawn mower, using the Multiclip technology.

1991
Castelgarden launches the first garden **tractor** with **twin cut deck**

1995
STIGA mowers receive the **Swan certification**, indicating that they meet the requirements of the Nordic Council in environmental protection with materials, production and operations.

2000
STIGA, Alpina, Mountfield and Castelgarden merge into **Global Garden Products** (GGP), specialised in the production and sale of garden equipment.

2015
STIGA launches a new Park Pro front mower and a complete range of **battery** products.

2016
STIGA launches the revolutionary patented **Twinclip** lawn mower with double-layered blade.

2017
GGP Group is renamed **STIGA**.

2021
Launch of the new STIGA **ePower** battery generation, able to drive the smallest tool or biggest lawn mower.

2022
Launch of STIGA **Swift**, the first collecting ride-on mower that runs on shareable batteries.

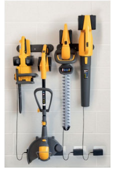
+Gyro

+Fulcrum

+Wire-guided robot mowers

2023
Launch of STIGA autonomous robot mower, protected by more than 30 patents on autonomous navigation.

2024
Launch of STIGA 300 Series hand held tools, with patented smart on board charging system on wall.



Robot autonomous range extension to smaller and bigger gardens, from 500 to 10.000 sqm.

The Sustainability Culture

We care for our environment like we care for our gardens

As a leading design innovator, the STIGA Group believes in using its knowledge to innovate on sustainability across all aspects of our business. At the core of our approach is helping consumers make the shift toward electric products, but our efforts go beyond the products we sell. We are committed to improving our internal processes that shape everything from the efficiency of our plants and offices to our relationships with suppliers.

At the STIGA Group, sustainability is implemented with environment, social and governance (ESG) factors in mind:

- Starting from square one to design smart and compelling battery-powered products that make gardening more sustainable;
- Innovating on new approaches to product components and packaging that put the environment and the consumer experience first;
- Seeking out new energy-saving projects each year that will reduce the impact of our plants and offices;
- Investing in our employees' well-being and safety by upholding our policies and processes to high standards;
- Collaborating with our suppliers to seek transparency into the full value chain of our products to ensure respect of human rights.

These elements can be seen in the STIGA sustainability strategy, which is based on the following pillars:

PRODUCTS
"We are green-fingered engineers"

- Progressively substitute petrol engines with battery and electric powered engines;
- Introduce recyclable, renewable and lower environmental impact materials in packaging and in product components;
- Make high quality and connected products safer for the user and easier to repair.

PEOPLE
"Putting people first"

- Ensure people operate in a safe and stimulating work environment;
- Attract and retain talent;
- Develop internal capabilities.

PROCESSES
" The power of simplicity"

- Make plants and offices greener, saving energy, increasing renewable energy consumed and reducing waste;
- Protect the Group and personal data, build a solid control system to reduce risks and comply with laws and standards;
- Promote the respect of ethics and human rights in the Group and its supply chain.

The Sustainability Culture

Since 2021 STIGA has defined the **ESG strategy** to build a **sustainable future for the Group** through a set of plans, projects and targets. With progress assessed during quarterly ESG Committee meetings, this activity is shaped by our stakeholders, from the Board of Managers to customers to dealers. Each year we look for new opportunities to push the envelope and advance our approach, always informed by the imperatives of the Business Plan, Brand strategy values and ESG pillars. Within each pillar - people, processes, and products - we have projects that are led by departments across the Group. The projects are both sponsored and tracked by the ESG Committee that sets priorities, measurable targets and relevant KPIs.

The **sustainability strategy aligns with the Business Plan**, both of which are approved by the Board of Managers. When targets are met or become an everyday part of our operations, they are updated or replaced by new sustainability targets. In 2023 one of our biggest achievements was to reach more than 90% renewable energy used across all of our plants and offices, thanks to recent investments in solar panels as well as Green Origin Certificates to support the green energy transition. Having made this progress, we will now turn our focus to another hallmark project that was initiated in 2023: the calculation of the Group carbon footprint. With this information in hand in early 2024, we will begin to pave the way toward the next iteration of STIGA's sustainability journey.

We already have a head start in 2023 on projects that will underpin this evolution. We have enrolled 87% our top 100 suppliers in the Sedex platform or an accepted equivalent, which is giving us critical **insights into our value chain** to ensure alignment on human rights and environmental values. We will build on this effort in the next year by initiating audits on our riskiest suppliers. We initiated a "long life products" project that will inform our design process in terms of **improved disassembly, spare parts availability and improvements to service**. And with approximately three-quarters of our R&D budget invested in battery technology, we started a project to improve **battery recharging, repair and recycling**. And we also began planning for a project that will officially start in 2024: analysing and updating human resources policies with **gender equality** in mind, starting with the pursuit of a certification at our Company Headquarters in Italy.

At STIGA, we never lose sight of why we do what we do, as **green-fingered engineers** who are **working in harmony with nature** to help people take care of their own special patch of the planet.

"This year we laid the groundwork to make even bolder progress on our sustainability strategy in 2024. Gathering data to calculate our carbon footprint has been at the center of our efforts this year and has involved every company in the Group. At the STIGA Headquarters, we are working to improve our green energy footprint and installed solar panels on the roof of our Italy plant at the end of 2023, which will give us greater energy autonomy in years to come.

Andrea Frassetto, Process Improvement and ESG Manager"

Our Purpose

Providing **innovation** and **inspiration** to help people create, nurture and enjoy their gardens and outdoor space.

Our Mission

To design and make **high-quality** garden machines for the domestic market that are better, easy to use, **durable** and **reliable**.

Our green-fingered engineers have the **curiosity**, **knowledge** and **experience** to create the latest innovations for garden care.

Our Vision

To be recognised as the **world's leading innovator** and manufacturer of garden power equipment.

Our Essence & Our Values

This is the core of STIGA.
We are engineers, innovators and manufacturers. But we never forget why we are here: to make gardening easier and help you look after your patch of the planet.

green-fingered engineers with the hearts of gardeners

Our core brand values – the beliefs that we stand for.

Simplicity
We make it easy

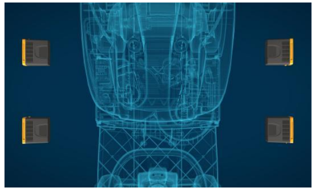
We use less to achieve more, creating reliable, practical, user-centred products. Tools that are intuitive and solve real customer needs. And we build supportive relationships with customers to make buying and using their products a joy.

Togetherness
We collaborate

We're built on family values, a pan-European brand with openness, inclusivity and teamwork at our core. We believe the whole is greater than the sum of its parts. Our focus is on families, communities and domestic gardeners.

Innovation
We shape the future

We're endlessly curious, continually thinking ahead across electric and digital. We have a long history of 'firsts' and are always looking for opportunities to improve, to tackle problems, to go beyond.



Garden-care
We nurture nature

We work in harmony with nature. Caring for gardens and gardeners. Having a positive impact – because many green spaces create one global garden: our planet.

Action
We're proactive

We listen. We learn. We invent and solve problems. We rise to challenges with positivity and pro-activity. And we turn those raw but ingenious ideas into practical improvements – fast.

Our Manifesto

We believe…

In the power of **simplicity**:

making the complex intuitive.

In **giant leaps**, not small steps.

In questions, not answers.

Because **curiosity** drives us.

In breaking the rules and **challenging** convention,

while working in harmony with nature.

In putting **people** first –

giving them the power they need,

when and where they need it.

In having the **courage** to do the right thing –

for our people, customers and planet.

In doing more with less, but performing better.

In the strength of **logic** and rationality.

In the power of imagination and **magic**.

In the joy and ever-changing wonder of gardening.

And, above all, knowing if you look after the planet,

it will look after you.

We are **green-fingered engineers**.

We are STIGA.

Our Tagline

STIGA

Garden care.

"

The market launch of our autonomous robots consolidated our positioning by offering consumers a totally innovative solution. Our robot cuts grass while taking care of it on a daily basis and improving its health. It is the ambassador of our brand positioning: we care for gardens.

Nature in the garden is constantly evolving and we at STIGA help our customers to take care of it with our quality products. For each of us, the garden represents the window of our home to the outside world and the closest contact with nature. The result with STIGA is a healthy garden where you can spend quality time with your loved ones.

Paola Pellizzer, Head of Brand Creation

"

STIGA Today & Tomorrow

STIGA Strategy Pillars for the Future

STIGA

ESG	• Build and sell safe and **green products**, introduce **recyclable, renewable** and lower environmental impact materials and packaging • Respect the highest standard of **quality and safety** • Endorse the respect of **ethics and human rights** in the Group and its supply chain
Product and Technology	• **Grass-cutting** products, leading the industry **transition to battery** • **Build relevant positioning** in handheld category and double seasonality • **Design and manufacture** new product categories that are delighting consumers in unexpected ways
Brand and Communication	• **STIGA** is the **premium brand** choice in all channels • Invest in the STIGA brand to **improve visibility and awareness**, increase conversion, build consumers' recommendation and loyalty year-on-year
Operations	• **Supply chain optimisation** • **Total quality and continuous improvement**
Omni-channel Sales	• **Traditional trade** • **eCommerce** • **Modern trade** • Key countries
Organisation	• **Attract talent** and retain excellence • Develop **internal capabilities** • Make people **think and act like owners**

STIGA target consumer

What they value?

- **Proud of their garden** and the things in it
- Sensitive to **environmental protection**
- Green-inclined attitude for **cleaner energy**
- Seek for **innovation**

Who they are?

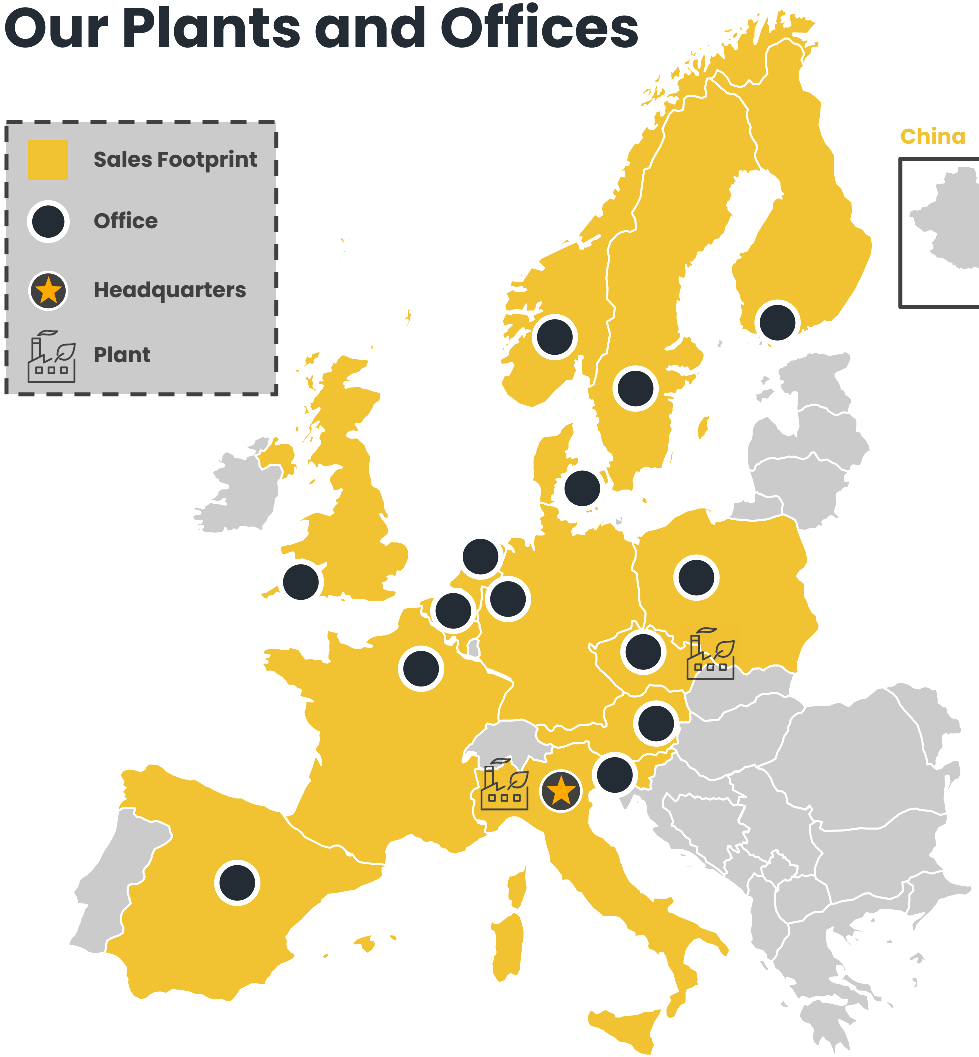
- Aged between 25 to 64
- Genders almost equally represented
- Owner of diversified gardens in size, shape and complexity

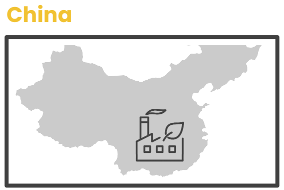
What they want?

- Look for **durable tools** provided with the **right level of power**
- Expect **precise and neat results**
- **Ease of use**
- **Enjoy the garden,** not working hard at gardening

... to enable STIGA becoming a EUR 1 billion Group

STIGA Today
Our Plants and Offices





3 Plants

Castelfranco, Italy
Italy produces high-end garden tractors, front mowers, robots, snow throwers and batteries. The facility is spread over 30,700 sqm

Poprad, Slovakia
Slovakia produces battery, electric, petrol-powered lawn mowers and cutting decks for front mowers. It was established in 2007 and covers 20,000 sqm

Guangzhou, China
China produces lawn tractors. It was built in 2008 in Nansha District over 14,700 sqm

15 Commercial offices

The STIGA HQ is located in Castelfranco Veneto (Italy). STIGA is also active in most European markets, with subsidiaries and commercial offices in the United Kingdom, France, Germany, Belgium, The Netherlands, Italy, Austria, Spain, the Czech Republic, Poland, Slovenia, Finland, Sweden, Denmark and Norway. In the rest of Europe, and in non-European countries, the Company is represented by distributors.

Note: Russian sales operation was mothballed following the invasion of Ukraine in early 2022

Our Brand Portfolio
A Strong Brand Structure

The STIGA brand is the absolute hero.

STIGA engineers a **broad range of products and accessories for domestic gardening** to allow consumers to enjoy their gardens all year round.

STIGA brings **science and technology**, engineering know-how coupled with **design** experience and capabilities, to make gardening a **sustainable** joy. We ensure all our breakthrough products represent the highest industry standards, innovating and tailoring effective, quality solutions for the gardening sector.

Other Brands

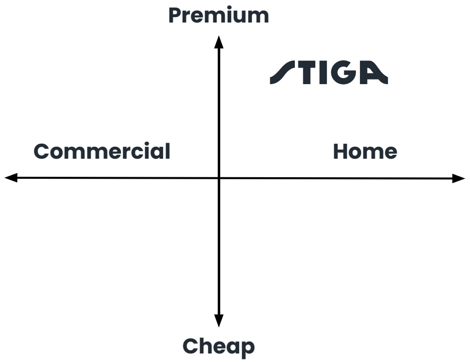
Alpina
100% authentic Italian brand with a long tradition in lawn mowing and garden equipment, offering a complete range of gardening tools.

Mountfield
UK's leading brand for petrol lawn mowers and garden tractors with >50 years history.

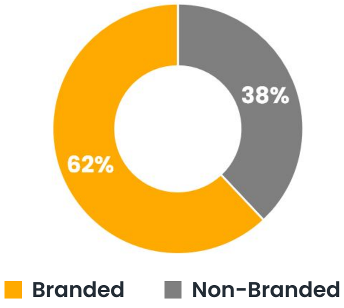
ATCO
With nearly 100 years history, Atco is an iconic name in the garden machinery market in Great Britain and worldwide.

CastelGarden
Well-known for its ride-on lawn tractors and lawn mowers.

Brand Positioning



Branded vs. Non-Branded



Our Product Categories: A Different Tool for Every Need

Mowing

Cutting

Trimming

Cleaning

Soil and ground care

Tools and accessories

All our latest innovations are STIGA branded: Gyro, Swift, Fulcrum technology and robotics. The STIGA brand has its roots in lawn care. Our shareable batteries provide opportunities for handheld tools, snow, cleaning and the exploration of new categories.

Our Production Pride

The HQ's STIGA robot line

The robot line is the Group's **flagship innovation production line**. Conceived and designed internally, the robotic mower was formally inaugurated on 30 April 2021 at STIGA's headquarters in Castelfranco Veneto (TV).

The line's infrastructure model has extremely **high standards** in terms of **technological innovation** and **production management**. It combines manual operations by the 15 specialists trained internally by STIGA engineers and automated processes, thanks to the use of collaborative robots that interface with human operators seamlessly.

The line was intended from the beginning to be "modular"; it is flexible and adaptable so that it can be re-designed, or integrated with new or further workstations, to better suit future production needs.

In 2023 the line was **upgraded** in order to introduce 6 new robot models and the related new features. As the robot software is **constantly improving** adding new features also the robot line follow the same path with continuous upgrade and improvement in order to guarantee the best quality production.

STIGA Robots
Intelligent Garden Care. Cable-free.

Intelligent software. Strong hardware.

True autonomy, a STIGA attitude
Patented navigation technology, 4G data triangulation, secure data storage on STIGA Cloud within EU borders and legislation. Nothing is installed on the lawn to restrict the robot's operation: there is no need at all.

State of the art production
The robotic line has been designed by STIGA engineers to bring the latest innovations to production process. The engineering and production teams work together to form an innovation centre.

In-house technologies development
Patented AGS (Active-Guidance-System) technology. So far we have registered 20 patents for navigation, 8 for connectivity and 9 for design and mechanical solutions.

In-house design concept development
The design has a soft and comfortable style and is intuitive, with flowing forms and essential details. The premium, minimalist look has details engineered for functionality.

Designed Engineered & Made by STIGA in Italy

AGS Active Guidance System

Patented technology

reddot design award

A 1500 winner 2023

STIGA Robots
True Autonomy. Naturally Healthier Lawns.

Mowing efficiency by systematic cutting patterns.

Reduce the time needed to mow and also enhance the aesthetics of the lawn. No more marks and traces on the lawn, thanks to the lightness of the machine.

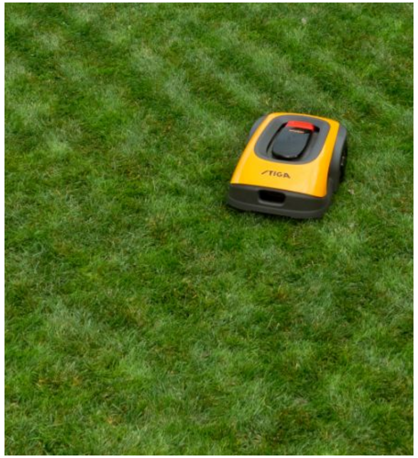
Knows where and when to mow
Thanks to the calculations of the AGS algorithm, the robot chooses the starting point of each mowing session so that the robot can work continuously and mow areas with a low GNSS signal at the time the signal is mapped to recover to a good strength.

The AGS calculations are checked before each mowing session and redone if necessary. That's why you can see the robot working from a different corner of the garden each time. It's clever!

Accurate
2 cm cutting accuracy is guaranteed by RTK technology and continuous data triangulation between the robot, satellites in the sky and its reference station, which makes the robot's position extremely precise.

Parallel finish
Ensures a clean cut and avoids uncut strips of grass, by a predefined overlap of cutting lines. The parallel lines also move away from each other during the different cutting cycles to optimise the lawn finish.

ePower
Better battery technology.



"We care for lawns. Our priority is how the robot cuts, whether it's autonomous or wire-guided. They're all designed to deliver an outstanding cutting performance.

The materials and sharpness of their blades ensure a neat cut, allowing the grass to recover and seal naturally.

In 2023, we worked on integrating 3 new small models for gardens up to 1,000 square metres into the range and extended the range so that our robot platform can take care of gardens up to 10,000 square metres.

Michele Scapin, Chief Engineering Manager of Robotics & Connectivity"

Electric Lawn Tractors
Cut Smart. Ride Electric.

Estate

The collecting tractors to cope with large green area where lawn collection is key.

Tornado

The side discharge tractor to face cutting rough and overgrown grass.

For very big lawns up to 7500 m2 on one charge

The Estate 798e collector model can mow up to 7,000 m2 on a single charge. The Tornado 7108e side discharge model can cover up to 7,500 m2 on a 110 minute charge.

Effortless driving

Thanks to the STIGA electric drive and the STIGA One Pedal Drive system, you can control every function with just one foot, ensuring effortless acceleration, mowing and deceleration.

Electric-button operated

The intuitive STIGA dashboard allows you to manage all the functions with just a few taps while you're in the driver's seat – from starting the machine, adjusting the blade speed and emptying the grass bag.

Excellent cutting performance

Two STIGA patented blade motors perform a precise, neat and efficient cut, producing little noise and vibration. And thanks to the electro-mechanic brake and internal blade controller, it's completely safe, too.

No fumes, low noise, reduced vibrations

ePower
Better battery technology.

"As the market leader of the lawn tractor petrol market, STIGA has vast experience in developing tractors designed for the best cutting and collecting performances. That's why STIGA, which believes in constant product development and innovation, is the only player in the market offering a complete range of electric tractors, targeting multiple gardens, cutting methods and customer needs.
STIGA pioneered a new paradigm of cutting and collecting grass, granting superior performance while remaining simple and comfortable.

Mario Garibaldi, Category Manager Sit-On"

ePower Technology
The New Standard in Garden Power

Integrated ePower
Beyond standards, born inside the tools

STIGA ePower's battery packs are tailored for their machines, providing exceptional runtime and performance for large lawns, covering wide areas on one charge.

From electric tractors and axial mowers to the STIGA robotic mowers that bring the future to the garden.

Shareable ePower
Beyond standards, shareable with many tools

STIGA ePower powers various equipment with interchangeable battery packs for year-round garden care.

STIGA shareable ePower batteries are available in both 20V and 48V. These different battery capacities fit different tools and machines, depending on the job to be done.

Swift: Nimble and Powerful. Born to be Electric.

Nimble for complex lawns up to 2,900 m2. Powerful for the whole garden.

Shares its energy with 48V ePower garden tools for all seasonal tasks.

Nimble
Swift is engineered for **complex lawns**. At only 73.5cm wide, it handles narrow gaps with ease. Its tight outer turning radius gets close to obstacles, while the short wheelbase nimbly steers around them to avoid damaging the machine. It all adds up to make Swift a joy to use.

Powerful
Swift is driven by **four removable STIGA ePower batteries** to run longer and live longer. It has passed tests that are five times tougher than industry standards, so you can be sure of the highest quality in terms of performance, reliability and long-lasting battery health.

Shareable power
Swift is the only ride-on mower that **shares its batteries with a whole range of STIGA garden tools**. The 48V ePower batteries can be used on all handheld tools from the 3, 5, 7 and 9 Series, giving you a whole new way to care for your garden, no matter the season.

ePower
Better battery technology.

3 Series Handheld Tools
Smart Charging. Always Ready to Go.

Double the battery. Double the power.

Enhanced power is provided by 2 ePower 20V batteries. They deliver consistent and efficient performance to handle the most demanding tasks with ease.

Comfortable and safe

Adjustable handles, rotating shafts and soft grips ensure comfort and balance. The safety brake system and electric braking ensure worry-free working.

On-wall storage

Provides a tidy and convenient solution for organising all 3 Series gardening tools indoors, effectively solving users' problems of where and how to store.

On-board charging

The on-board charger allows direct on-board charging, eliminating the need to remove the batteries from the tools and stopping the charge once it reaches 100%.

Always ready to go

Our smart charging solution provides a quick and organised way to store your gardening tools while they are charging, making them available for immediate use and spot gardening sessions.

ePower

Better battery technology.

Battery Lawn Mowers With Fulcrum Technology

Shareable ePower for lawns up to 1,100 m2

Multiclip
Perfect for mulching-fans, covering your lawn in extra fine grass cuttings, which naturally fertilise your lawn.

Twinclip
Maximum comfort and endurance, double-edged blade for efficient cutting and collecting performance.

Collector
The king of collecting, hybrid grass catcher, collecting more grass and compacting it better.

Combi
For maximum flexibility, combining different cutting methods on one machine, to suit all needs.

Unique feature
Specially engineered for both petrol and battery-powered STIGA walk-behind mowers, the **STIGA Fulcrum handlebar** completely reinvents your relationship with cutting the lawn. It lets you mow under hedges and along walls without getting scratched and giving you the most convenient storage ever. Plus, adjusting the height of your mower is easy, so that any member of your family can use it.

Range depth
The STIGA range is targeting all residential customers thanks to a complete range in all power sources, from petrol to battery. Finding your ideal mower is easy thanks to the possibility to choose the mower with the desired performance and features. With STIGA you can select the walk-behind mower with the best cutting mode, cutting width and driving type for you.

ePower
Better battery technology.

Gyro
A Joy to Steer

Battery axial mowers
Integrated ePower for lawns up to 13,000 m2

The first ever drive-by-wire joystick mower with STIGA Direct Drive technology
Intuitive, intelligent and easy to manage. The drive system is smooth and responsive and allows the user to fully control the machine's direction, steering and speed with the flick of a wrist.

Safety first
Gyro has been developed with advanced weight distribution and a very low centre of gravity (just 55.3cm) and has been tested to operate safely on inclines up to 15º.

Unparalleled energy efficiency
The STIGA Direct drive by wire technology ensures a better balance of internal loads, so wear and tear are dramatically reduced and the battery charge is used in the most efficient way.

Up to 13,000 sqm on one charge
The combination of the 125cm cutting deck and the ePower battery pack makes Gyro 900e a high productivity machine, able to tackle a lot of tough grass on very big areas - up to 13,000 sqm on one charge.

ePower
Better battery technology.

A Message from Rainer Schmueckle - Chairman

Leading through change with purpose

2023 was another year marked by unpredictable events. Against this shifting background, STIGA increased the ability to drive business results in a responsible way, placing sustainability at the heart of the Group's imperatives and goals. As our impact on people and the planet grows, we have a significant opportunity to work in harmony with nature. In 2023, we continued to make progress on our ESG agenda, inspiring us to keep improving our efforts in the future.

Sustainability is at the core of STIGA's work, supported by a uniquely in-depth understanding and passion for the science of grass. It's our purpose to make gardening a pleasure, and to help people make their own patches of green healthy and happy places. We understand the joy and the benefits that green spaces bring to our everyday lives, and we want to keep turning this knowledge into action. We are on course to reach, and in some cases exceed, our ESG targets. Our ESG Committee continues to keep our current projects on track and to oversee the launch of new opportunities. The Group has long-term goals to lower our carbon emissions, respect nature and contribute positively to people's lives.

From a product perspective, we will promote our battery and electric-powered products as one of the pillars of our ESG strategy, using these greener power sources across a broad range of machines and equipment in every category. We also want to make our facilities more sustainable: we are proud to share that the majority of the electricity used by our plants and offices now comes from renewable sources, and will increase the percentage of self-produced energy at our production plants.

Our sustainability ambitions also involve moving towards a circular business model. This includes incorporating additional environmental considerations into the Research & Development processes by devising ways to make it easier to repair or service a product, including its battery. STIGA places great importance on creating and maintaining a positive and proactive work environment, which is why we've increased the options for our people to seek career development and training opportunities, while growing our partnerships with schools, universities and learning organisations.

Finally, I am pleased to announce that from 2024 STIGA will be a member of the UN Global Compact — a special initiative of the UN Secretary-General that calls on companies to align on the Ten Principles of human rights, labour, environment and anti-corruption.

Looking to the future, we will continue to improve as we grow. As the Group progresses with its conscious initiatives, we look forward to playing our part in giving back what the planet and its people deserve. The opportunities and responsibilities ahead of us are challenging, but we are committed to making a significant difference.
On behalf of the Board, I thank all our partners and stakeholders for the enduring trust and support they have shown us.

Performance Overview & Statements

Financial Overview

In the year 2023, the powered garden equipment market experienced a decline of -17%* compared to 2022, primarily as result of a return to pre-COVID consumer behaviour and to the uncertainties in the economy. Specifically, walk behind, ride-on and front mowers market segments lost one-quarter of their value, with declines ranging from -23% to -27%. Handheld categories showed a -15% and zero turn -2%. Robot mowers is the only category showing a positive growth (+5%) after one year of stability in 2022. In terms of power source, petrol products returned to their pre-pandemic declining trend dropping by -24% and electric corded products decreased by -19%. On the contrary, battery products (excluding robot mowers) continued the increase of their share reaching 20% of the total market value.

STIGA was heavily affected by the market decline particularly as the traditional trade channel declined the most and this is where STIGA is strong. Additionally, the market for higher value products was down between -23% to -27% and again STIGA is strong here, most notably on tractors.

Net Sales	EBITDA	Net Financial Position
451.0m	33.6m	-112.1m
-29% vs 2022	-48% vs 2022	+17% vs 2022

STIGA net sales reached EUR 451.0 million, -29% versus the prior year. The decrease was mainly seen in the ride-on category, which reached the highest sales level ever in 2022 and also in the walk behind category. From a geographical point of view, France and the UK were the markets which registered the largest decrease. Encouragingly, B2C sales increased in comparison to 2022. After a turbulent 2022, all suppliers overcame the difficulties related to supply chain optimisation experienced in the prior year, but inventories in the trade persisted into 2023.

In late Spring, the Group implemented actions aimed to immediately reduce fixed costs in order to protect profitability. Operating costs have been affected by a number of negative non-recurring cost items such as inventory devaluation, product scrapping, bad debt accruals and redundancy costs. The resulting Group EBITDA at EUR 33.6 million was -48% versus prior year. However, unit product gross margin increased encouragingly to the highest level ever, due to the full effect of price increases implemented in the second half of 2022. Considering the above actions, both non-recurring costs and full year effect of fixed costs reduction, the overall profitability of the year on a pro-forma basis would be EUR 48.0 million, with a percentage on net sales higher than 2022. This confirms and strengthens Management expectations to deliver 2024 profits higher than 2023, restoring a margin performance consistent with the period before 2023.

Working capital was improved in both receivables and inventories. This helped the Net Financial Position to improve by EUR 23 million, (+17% vs 2022). As a result of this the Company brought forward a repayment of EUR 15 million to the lenders' long-term debt.

*Company elaboration based on GFK and EGMF data

Main Events of The Year

Strategic guidelines implementation

By the end of 2023, the Group reviewed and updated its Business Plan to guide decisions through 2027; the plan was approved by the Board in January 2024. The update reflected the latest market and Group developments without fundamentally changing the main strategic guidelines and to allow progress to continue on various projects.

The launch of a new commercial policy across our traditional trade dealers has been very well received with almost 100% uptake. This further strengthens the STIGA brand and encourages investment benefitting both STIGA and dealers alike.

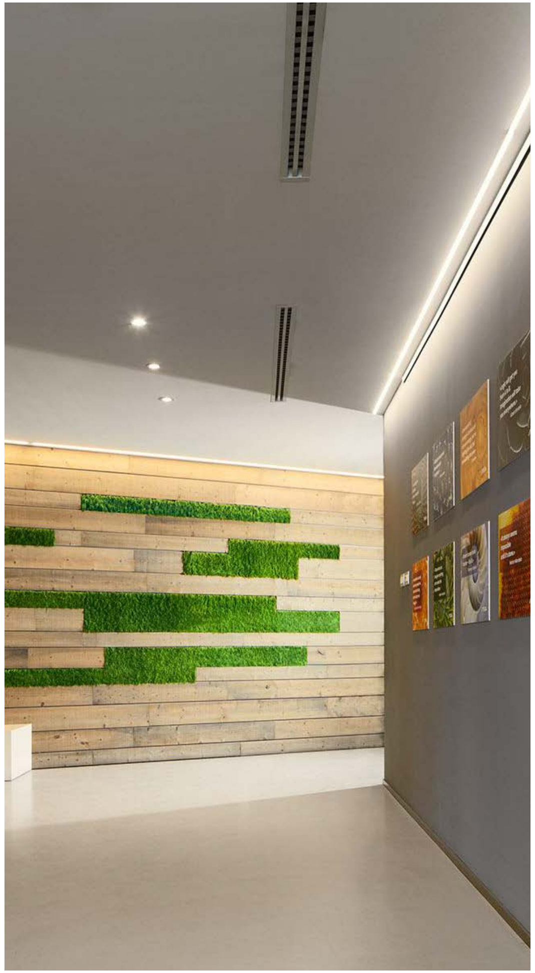
Following a market test in 2022, the Group proceeded to launch the innovative autonomous robot in all European markets. Furthermore, a new more powerful axial mower (Gyro 900) and a large petrol snow thrower were also launched, both manufactured in our Italian factory. Finally, pruning scissors were added to the 20V handheld battery range.

Improvements in the companies' cost base continued in line with expectations and management remains optimistic of continued performance. During the Summer, the assembly of front mower cutting decks was moved from Castelfranco to Poprad plant in Slovakia, delivering cost reductions to front mowers and creating capacity for expansion in the Italian plant.

The organisation was further strengthened and streamlined, with the appointment of one subsidiary Managing Director as Senior Vice President Sales, improving coordination and standardisation of the commercial activities. Secondly, we merged Manufacturing, Purchasing, Logistics and Planning functions under a sole Senior Vice President to strengthen the effectiveness of end-to-end value chain.

Financial structure improvement

Following the successful completion of the amend and extend process of its existing Senior Facilities Agreement during 2022, the Group decided and executed the partial anticipated repayment of its Term Loan B for EUR 15 million, following the positive cash generation along the year. The remaining part amounting to EUR 24.6 million is going will be repaid in 2024.



Consolidated Management Report

Key financial figures

The summarised Consolidated Income Statement for this reporting period compared with the previous period is shown in the table opposite. In the fiscal year ending on 31 December 2023 net turnover amounted to EUR 451.0 million, compared to EUR 637.0 million in the previous year, while EBITDA totalled EUR 33.6 million versus EUR 63.9 million in the previous period. The EBITDA margin decreased by -2.6% from 10.0% to 7.4%. The performance on the EBITDA is due to the cumulative effect of several both favourable and adverse factors:

- Significant decrease of sales, mainly affected by market volume decrease after unprecedented growth as a consequence of changes of consumer habits following the Covid-19 pandemic and tighter consumer spending. Intensified activities from the competition further worsened the sales level in comparison to previous year;
- Positive effect coming from the carry-over of price increases implemented in the second half of 2022;
- Lower raw materials and components purchase pricing thanks to the normalisation of the inflationary pressure as well as the activity of cost savings continuously performed by the Group;
- Negative effect from currency exchange rates since the improvement in FX rates, mainly CNY, was not factored in by the Group as hedging activities were for the most part performed in the previous year, following the business seasonality;
- Above normal inventory devaluation and physical product scrapping in order to align inventory to a lower level of production and sales, in addition to a higher than usual level of bad debt accrual and receivables write-offs;
- Decrease of transportation costs thanks to lower sea freight prices from Eastern Asia to Europe compared to the previous year;
- Lower Distribution Costs as a consequence of the decrease in sales volumes, partly compensated by the higher incidence of fixed warehousing costs;
- Operating Expenses higher than the prior year due to non-recurring changes to non-executive management incentives accrued and redundancy costs following the implementation of the Group restructuring plan. These negative items have been almost completely compensated by lower structural labour costs and expenses.

Net Profit of the period at EUR 1.9 million compares with EUR 22.8 million in 2022, due to the activation of Deferred Tax Assets of EUR 11.9 million related to the previous years' tax loss carry-forward and non-deductible interest costs accounted for in STIGA S.p.A. Financial expenses increased mainly due to higher interest on long-term debt and to the accounting treatment of interest rate derivative financial instruments.

EUR 000's	2023		2022	
Revenues	451,023	100.0%	636,973	100.0%
Gross Profit	**131,130**	**29.1%**	**166,963**	**26.2%**
Distribution Costs	(38,269)	-8.5%	(47,099)	-7.4%
Operating Expenses	(82,172)	-18.2%	(81,340)	-12.8%
Other Operating Income and Expenses	(2,302)	-0.5%	(760)	-0.1%
Profit Before Interest and Taxes	**8,388**	**1.9%**	**37,764**	**5.9%**
Net Financial Expenses	(17,183)	-3.8%	(8,451)	-1.3%
Profit / (Loss) Before Taxes	**(8,795)**	**-2.0%**	**29,313**	**4.6%**
Current Taxes	(3,860)	-0.9%	(6,132)	-1.0%
Deferred Taxes	14,599	3.2%	(423)	-0.1%
Profit / (Loss) for the year	**1,944**	**0.4%**	**22,758**	**3.6%**
Attributable to:				
Owner of STIGA C S.à.r.l.	1,809		22,496	
Non-Controlling Interest	135		262	
EBITDA	**33,556**	**7.4%**	**63,943**	**10.0%**

Consolidated Management Report

The reclassified Consolidated Statement of Financial Position compared with the previous period is shown in the table opposite.

Net Invested Capital amounted to EUR 304.6 million, which is lower than the previous year by EUR 21.6 million. The entire decrease is concentrated in the Net Working Capital, which amounts to EUR 107.0 million.

Trade Receivables valued at EUR 67.3 million are lower than the values as of 31 December 2022 by EUR 37.7 million. This was the consequence of lower sales in the last two months of the year compared to the same period one year ago by EUR 28 million, as well as a decrease in the overdue balance following the optimisation of receivables collection.

Inventories at EUR 140.8 million are EUR 33.8 million lower than a year ago: this reflects the normalisation of stock levels following the supply chain constraints encountered in the previous year and above normal inventory devaluation and product scrapping.

Trade Payables have decreased compared to 2022 by EUR 40.3 million as a consequence of the decrease of components purchasing in the final months of the year.

Non-Current Assets are EUR 5.5 million higher than the previous year mainly due to the activation of Deferred Tax Assets, partially offset by the decrease of Tangible and Intangible Assets, as a consequence of lower capital investment spending. Non-Current Liabilities are stable.

EUR 000's	31 December 2023	31 December 2022
Trade Receivables	67,290	104,953
Inventories	140,758	174,552
Trade Payables	(90,008)	(130,281)
Other Short-Term Assets and Liabilities Non-Financial	(11,085)	(14,175)
(A) NET WORKING CAPITAL	**106,955**	**135,050**
Tangible Assets	57,705	63,178
Other Intangible Assets	23,352	26,417
Goodwill	91,661	91,661
Equity Investments	5	5
Deferred Tax Assets and Long-Term Tax Receivables	32,828	18,750
Other Long-Term Assets Non-Financial	304	332
(B) NON-CURRENT ASSETS	**205,854**	**200,343**
Other Long-Term Provisions	(4,521)	(5,052)
Provisions for Pensions and Similar Obligations	(1,920)	(2,060)
Deferred Tax and Long-Term Tax Liabilities	(1,190)	(1,404)
Other Long-Term Liabilities Non-Financial	(620)	(749)
(C) NON-CURRENT LIABILITIES	**(8,250)**	**(9,265)**
(D) NET INVESTED CAPITAL (A+B+C)	**304,559**	**326,127**

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Consolidated Management Report

Continues from the previous page

EUR 000's	31 December 2023	31 December 2022
Cash and Financial Short-Term Assets	(42,205)	(51,072)
Short-Term Bank Borrowings	50,940	39,854
Other Financial Short-Term Liabilities	3,098	3,311
(E) NET FINANCIAL POSITION (SHORT-TERM)	**11,833**	**(7,907)**
Financial Long-Term Assets	(43,497)	(40,627)
Long-Term Bank Borrowings	139,747	180,425
Other Financial Long-Term Liabilities	4,033	3,283
(F) NET FINANCIAL POSITION (LONG-TERM)	**100,283**	**143,081**
(G) TOTAL NET FINANCIAL POSITION (E+F)	**112,116**	**135,174**
(H) TOTAL EQUITY	**192,443**	**190,953**
(I) TOTAL EQUITY AND DEBT (G+H)	**304,559**	**326,127**

The decrease of Net Invested Capital led to the improvement of the Net Financial Position by EUR 23.1 million and allowed the early repayment of EUR 15 million long-term debt due in 2024.

More specifically, Cash and Financial Short-Term Assets decreased by EUR 8.9 million. Long-Term Bank Borrowings decreased by EUR 40.7 million and Short-Term Bank Borrowings increased by EUR 11.1 million. These outcomes are due to the net effect of the reclassification of term financing which matures in August 2024 and currently amounting to EUR 24.6 million following a voluntary prepayment of EUR 15 million, as well as the lower utilisation of receivables financing facilities.

Net Equity increased by EUR 1.5 million, essentially reflecting the Profit of the Year.

Group Operations

Capital Expenditure

Total expenditure in Tangible and Intangible Assets during the year amounted to EUR 12.3 million (EUR 17.4 million in the previous period), corresponding to 2.7% of turnover. In addition, Tangible Assets increased by EUR 5.3 million following the higher value of the right of use of leased assets, mainly due to both new rental agreements and to the renewal of contracts already in place. Investments in Tangible Assets were focused mainly on the construction of moulding equipment related to the new products and on the installation of a sprinkler system.

Research and Development Activities

In the fiscal year 2023 the resources dedicated to Research and Development (R&D) activities achieved a value of EUR 11.6 million (EUR 13.1 million in the previous period), related mainly to costs of staff, external consultants, the purchase of goods for product development and the creation and upkeep of patents. The R&D effort in the 2023 fiscal year has been applied to several platforms with different tasks and a continued focus on new technology launches and competitive improvements. Most of the effort was used to extend the autonomous robot mower range and upgrade the App and user experience, introducing the Gyro 900 and in the creation of the 300 series handheld range, whilst concentrating on knowledge and value creation in power system technologies.

Capex

12.3m

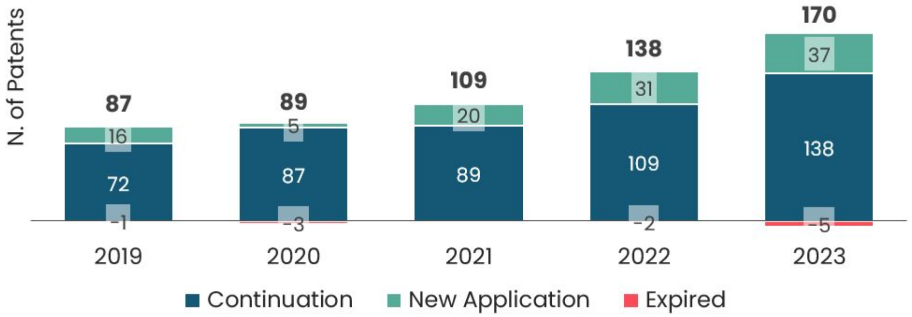
-29% vs. 2022

R&D Investments

11.6m

vs. 13.1m in 2022

Number of Patents



Information regarding Sustainability and Human Resources

The Group's sustainability strategy is focused on reducing our environmental footprint and upholding ethical values when it comes to products, people and processes. A major investment in 2023 was the completion of a solar panel installation project at the Group Headquarters, which is one of many projects that demonstrates our intention to grow our environmental stewardship. This is complementary to one of our most important metrics: to transition our product portfolio to battery and electric powered products. In 2023, the share was 24% and even though we will need to make big strides in 2024 to achieve our goal of 28%, we are confident that new incentives and consumer education will close the gap.

Behind our sustainability strategy is, of course, our people and we continued to ensure employees received training: the average hours per person increased in 2023 to 14.7 hours compared to 14.2 in 2022. The injury rate of employees decreased in 2023, while the overall number of injuries for workers who are not employees also decreased. Still, we know that investing in the health, safety and wellbeing of our people is what makes STIGA a great place to work.

Risk Management

Credit Risk

The Group's credit risk differs depending on products and markets. The Group operates in trade channels with a limited number of important customers with whom there is a continuous and long-term relationship and in other trade channels with a large number of smaller customers.

Customers are subject to specific credit assessment and constant monitoring of the outstanding credit position through dedicated personnel, supported by financial information providers, operating within the guidelines defined by the Group Credit Limit procedure.

Debtor accounts are recognised in the Consolidated Statement of Financial Position, net of write-downs (accounting for the risk that counterparties may be unable to fulfil their contractual obligations) and determined on the basis of available information on creditworthiness of the customer, outstanding credit position and historical data.

Liquidity Risk

The cash flows, funding requirements and liquidity of Group companies are constantly monitored on a centralised basis in order to minimise the cost of financing and to maintain an adequate and effective treasury control.

The cash pooling system concentrates almost the entire available cash in STIGA C S.à r.l. and STIGA S.p.A., optimising the cash management and improving control: all Group companies collecting cash from external customers are included in the cash pooling system with the exception of Spain.

The financing agreement signed by the Company in 2022 provides the Group with aggregate term loans of EUR 165 million, with EUR 24.6 million due in August 2024 (following a EUR 15 million prepayment made in December 2023) and EUR 140.4 million expiring in February 2026. Further, carve outs for Receivables Finance Facilities and Permitted Indebtedness (up to EUR 210 million) and a RCF (up to EUR 60 million) are included. There are no maintenance financial covenants, with the exception of a leverage ratio only in case of RCF usage.

With regard to the Receivables Finance Facilities, the Group has in place a securitisation programme over the receivables of the Italian Company for EUR 60 million and two further receivable financing agreements for aggregate EUR 60 million covering the receivables of UK, Germany and Poland.

The current Group financial structure provides adequate financial resources to fund the Group operations, providing the flexibility needed in light of the strong seasonality of working capital needs. In addition, cash flows and results foreseen for the current fiscal year are coherent with the existing financial commitments.

Risk Management

Currency Risk and Interest Rate Risk

Being a multinational Group with operations throughout the world, the Group is exposed to market risks from fluctuations in foreign currency exchange rates. The exposure to foreign currency risk arises both in connection with the geographical distribution of the Group's industrial activities and in connection with the destination markets. The Group regularly assesses its exposure to foreign currency risk and centrally manages it through the use of derivative financial instruments, according to the "Foreign Currencies Exchange Risk Hedging Process Operating Procedure".

The exchange rates exposure on forecasted commercial flows for the year has been hedged through forward contracts, whose counterparties are major international financial institutions, for an amount covering more than 90% of forecasted net exposure.

With regard to interest rate risk, the Group had in place four Interest Rate Swap contracts that expired in November 2023; the risk on the financial long-term indebtedness is currently unhedged, with Management closely monitoring the market situation and regularly evaluating hedging opportunities.

Information on the fair value of derivative financial instruments held at the balance sheet date is provided in Note 33, together with additional information on the financial risks to which the Group is exposed.

Expected Future Development

The destocking cycle seen in 2023 is winding down across the entire trade and hence the order intake rate since January is higher than previous year and is continuously growing, +25% year on year. The first data on sell-out show a performance which is better than 2023 and market share gains. These two facts consolidate the Management expectations to deliver 2024 sales at a level which is higher than 2023.

The current geopolitical instability is not significantly impacting Group costs given the adequate stock levels and the wide European production base. Management is implementing actions to further reduce fixed costs. Inventory utilisation is also improving.

All in all, expectations on Group profitability for 2024 are positive and the Group currently expects to materially improve upon the 2023 result, particularly with respect to EBITDA and associated margin performance.

Notwithstanding the aforementioned, macroeconomic conditions in Europe still show significant uncertainties and the operating environment remains challenging. Management constantly monitors the situation and is committed to the implementation of the strategic guidelines outlined in the Business Plan.

30 May 2024

For the Board of Managers
The Chief Executive Officer
Sean Robinson

Consolidated Financial Statements

Consolidated Statement of Financial Position

EUR 000's			
ASSETS	**31 December 2023**		**31 December 2022**
		Notes	
Non-Current Assets			
Intangible Assets	115,013	**(1)**	118,078
Goodwill	*91,661*		*91,661*
Other Intangible Assets	*23,352*		*26,417*
Tangible Assets	57,705	**(2)**	63,178
Investments Accounted for using Equity Method	5	**(3)**	5
Financial Long-Term Assets	43,497	**(4)**	40,627
Other Long-Term Assets	304	**(5)**	332
Deferred Tax Assets and Long-Term Tax Receivables	32,828	**(6)**	18,750
Total Non-Current Assets	**249,351**		**240,970**
Current Assets			
Inventories	140,758	**(7)**	174,552
Trade Receivables	67,290	**(8)**	104,953
Financial Short-Term Assets	425	**(9)**	7,359
Other Short-Term Assets	11,705	**(10)**	12,680
Cash and Cash Equivalents	41,780	**(11)**	43,713
Total Current Assets	**261,958**		**343,258**
TOTAL ASSETS	**511,310**		**584,228**

Consolidated Statement of Financial Position

EUR 000's			
LIABILITIES	**31 December 2023**		**31 December 2022**
		Notes	
Capital and Reserves			
Stockholders' Equity	192,328		190,767
Non-Controlling Interests	115		186
Total Capital and Reserves	**192,443**	**(12)**	**190,953**
Non-Current Liabilities			
Long-Term Bank Borrowings	139,747	**(13)**	180,425
Other Financial Long-Term Liabilities	4,033	**(14)**	3,283
Other Long-Term Liabilities	620		749
Provisions for Pensions and Similar Obligations	1,920	**(15)**	2,060
Other Long-Term Provisions	4,521	**(16)**	5,052
Deferred Tax and Long-Term Tax Liabilities	1,190	**(17)**	1,404
Total Non-Current Liabilities	**152,031**		**192,973**
Current Liabilities			
Trade Payables	90,008	**(18)**	130,281
Short-Term Bank Borrowings	50,940	**(13)**	39,854
Other Financial Short-Term Liabilities	3,098	**(19)**	3,311
Other Short-Term Liabilities	22,790	**(20)**	26,855
Total Current Liabilities	**166,835**		**200,301**
TOTAL LIABILITIES AND EQUITY	**511,310**		**584,228**

Consolidated Income Statement

EUR 000's	2023	Notes	2022
Revenues	451,023	(22)	636,973
Cost of Sales	(319,893)	(23)	(470,010)
Gross Profit	**131,130**		**166,963**
Distribution Costs	(38,269)	(24)	(47,099)
Operating Expenses	(82,172)	(25)	(81,340)
- Research & Development	(5,338)		(4,694)
- Marketing, Selling and After sales	(42,642)		(44,305)
- General and Administration	(19,748)		(17,480)
- Operating Depreciation and Amortisation	(14,443)		(14,862)
Other Operating Income	3,888	(26)	5,345
Other Operating Expenses	(6,190)	(27)	(6,105)
Profit Before Interest and Taxes	**8,388**		**37,764**
Net Financial Expenses	(17,183)	(29)	(8,451)
Profit / (Loss) Before Taxes	**(8,795)**		**29,313**
Current Taxes	(3,860)	(30)	(6,132)
Deferred Taxes	14,599	(6)	(423)
Profit / (Loss) for the year	**1,944**		**22,758**
Attributable to:			
Owner of STIGA C S.à.r.l.	1,809		22,496
Non-Controlling Interest	135		262

Consolidated Statement of Comprehensive Income

EUR 000's	2023	2022
Profit / (Loss) for the year	**1,944**	**22,758**
Gain/(Losses) Chargeable to the Consolidated Income Statement:		
Exchange Differences on Translation of Foreign Operations	(2,281)	(1,021)
Cash Flow Hedge Recognised to Equity	296	(4,057)
Gain/(Losses) Not Chargeable to the Consolidated Income Statement:		
Actuarial Gains/(Losses) Recognised directly to Equity	(5)	109
Total Comprehensive Income / (Loss) for the year	**(46)**	**17,789**
Attributable to:		
Owner of STIGA C S.à.r.l.	(181)	17,527
Non-Controlling Interest	135	262

Consolidated Statement of Cash Flows

EUR 000's	2023	2022
Profit/ (Loss) for the year	1,944	22,758
Financial expenses	17,183	8,451
Depreciation and Write-Down of Tangible Assets	14,926	15,587
Amortisation and Write-Down of Intangible Assets	10,242	10,592
Change in Provisions	(676)	(726)
Change in Deferred Tax Assets and Liabilities	(14,198)	(2,284)
Other Non-Monetary Variation	1,744	(2,221)
Changes in Working Capital:		
- Inventories	33,601	(10,716)
- Trade and Other Receivables	38,639	(16,581)
- Trade and Other Payables	(46,195)	(31,981)
Cash Flow from Operating Activities (A)	**57,210**	**(7,122)**
Investments in Tangible and Intangible Assets	(11,596)	(17,267)
Disposals of Tangible and Intangible Assets	232	510
Other Changes in Long-Term Assets and Liabilities	(176)	(382)
Cash Flow from Investing Activities (B)	**(11,540)**	**(17,139)**
Proceeds from Borrowings	3,522	9,098
Repayments of Borrowings	(30,787)	(2,799)
Repayment of Lease Liabilities	(4,753)	(4,682)
Changes in Other Financial Liabilities	751	26,288
Net Interests Paid	(15,897)	(10,581)
Dividends Payment	(207)	(282)
Cash Flow from Financing Activities (C)	**(47,371)**	**17,042**
Movements in Cumulative Translation Reserve	(233)	(376)
Other Cash Flow Effects (D)	**(233)**	**(376)**
Net Increase/(Decrease) in Cash and Cash Equivalents	**(1,933)**	**(7,595)**
Net Cash and Cash Equivalents at the Beginning of the Period	(1) **43,713**	**51,310**
Net Cash and Cash Equivalents at the End of the Period	**41,780**	(1) **43,713**

(1) Net Cash and Cash Equivalents does not include the investment of EUR 3.1 million of liquidity in a life insurance policy; in 2023 the investment was fully released.

Consolidated Statement of Changes in Equity

EUR '000	Share Capital	Share Premium Reserve	Legal Reserve	Cumulative Translation Reserve	Retained Earnings	Actuarial Gains and Losses	Hedging Reserve	Capital Contribution	Stockholders Net Result	Non-Controlling Interests	Total
Balance as of 1 January 2022	**18,884**	**168,825**	**1,888**	**(1,851)**	**(51,575)**	**(141)**	**2,154**	**3,992**	**33,287**	**206**	**175,669**
Result Destination					33,287				(33,287)		0
Capital Contribution								(2,221)			(2,221)
Total Comprehensive (Loss)/Income				(1,021)		109	(4,058)		22,496		17,526
Dividends										(282)	(282)
Minorities Result for the Year										262	262
Balance as of 31 December 2022	**18,884**	**168,825**	**1,888**	**(2,872)**	**(18,289)**	**(33)**	**(1,903)**	**1,771**	**22,496**	**186**	**190,953**

EUR '000	Share Capital	Share Premium Reserve	Legal Reserve	Cumulative Translation Reserve	Retained Earnings	Actuarial Gains and Losses	Hedging Reserve	Capital Contribution	Stockholders Net Result	Non-Controlling Interests	Total
Balance as of 1 January 2023	**18,884**	**168,825**	**1,888**	**(2,872)**	**(18,289)**	**(33)**	**(1,903)**	**1,771**	**22,496**	**186**	**190,953**
Result Destination					22,496				(22,496)		0
Capital Contribution								1,744			1,744
Total Comprehensive (Loss)/Income				(2,281)		(5)	296		1,809		(181)
Dividends										(207)	(207)
Minorities Result for the Year										135	135
Balance as of 31 December 2023	**18,884**	**168,825**	**1,888**	**(5,153)**	**4,207**	**(38)**	**(1,607)**	**3,515**	**1,809**	**114**	**192,443**

General Information

STIGA C S.à r.l., the Group's parent company (hereinafter the "Company"), is a limited liability company incorporated on 15 October 2003 as a "société à responsabilité limitée" governed by the laws of Luxembourg, with registered office at 46A, Avenue JF Kennedy, L-1855, Luxembourg, the Grand Duchy of Luxembourg and registered with the Luxembourg companies and trade register (R.C.S. Luxembourg) under the number B96507. The Company and its subsidiaries (referred to as "STIGA Group" or the "Group") serves the residential gardening market under its leading brand STIGA and four other brands as well as serving leading OEM customers and private label customers. The Group manufactures and sells walk behind mowers, ride-on mowers, front mowers, robotic lawn mowers, snow throwers and, in addition, sells handheld gardening tools (such as chainsaws, brush cutters and trimmers), walk behind mowers, snow throwers, tillers and scarifiers purchased from third parties.

As duly illustrated in the Consolidated Management Report section, these Consolidated Financial Statements cover the fiscal year from 1 January 2023 to 31 December 2023.

The Company is included in the consolidated accounts of STIGA S.A., the parent company, forming the largest body of undertakings of which the Company forms a part as a subsidiary undertaking. The Company will not file these Consolidated Financial Statements for statutory purposes in Luxembourg since those are filed by its parent company STIGA S.A.

Nevertheless, the Company is required to prepare Consolidated Financial Statements to fulfil the requirements of the Amendment and Restatement Agreement dated 26 July 2022, relating to a Credit Agreement originally signed on 19 April 2007 as subsequently amended and/or restated from time to time. The Consolidated Financial Statements have been prepared only for lenders' reporting purposes.

The Consolidated Financial Statements of STIGA S.A., registered with the Luxembourg companies and trade register (R.C.S. Luxembourg) under the number B148720, are available at its registered office located at the same address of the Company.

The Group's business activities are driven by guidelines defined in the 2027 Business Plan approved in January 2024. The guidelines of the Business Plan are articulated in a series of strategic projects that focus mainly on the development of product lines that incorporate new technologies for the Group. These technologies have been identified by accurate market research, which indicates what will constitute the growing market segments in the coming years, with prospective trends indicating significant variations in the composition of the technological characteristics of the products that end customers will use for years to come. The plan's guidelines also provide for developments aimed at better and more accentuated coverage of strategic sales channels for the Group and improvement of business processes.

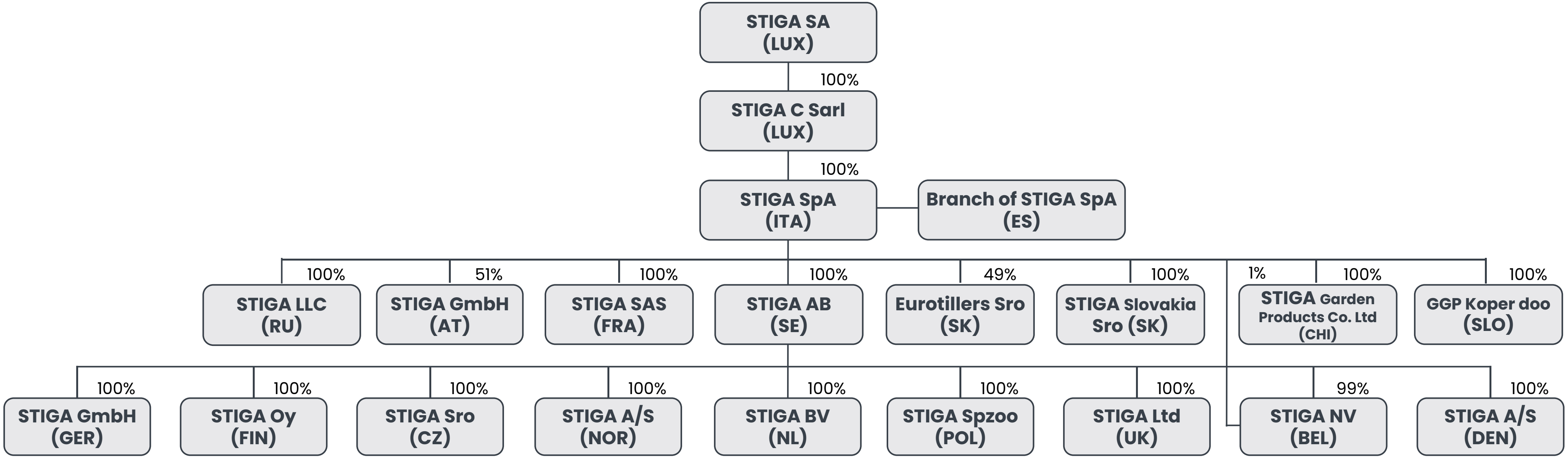
General Information

Group Organisation

The Group is a major producer and distributor of powered garden products in Europe, with leading market share in the ride-on, front mower and walk behind product segments, and has an important presence in handheld, snow throwers and other power equipped garden tools.

From an industrial point of view, the manufacturing structure is based on plants located in Castelfranco Veneto (Italy), Poprad (Slovakia) and Guangzhou (China). The Russian entity is no longer active and ceased trading in 2023.

The structure of the Group as of 31 December 2023 is as follows:



General Information

The Consolidated Financial Statements include the financial statements of the Company and its subsidiaries as of 31 December 2023.
Details of the Company and its consolidated subsidiaries as of 31 December 2023 are as follows:

Company Name	Registered Office	% Held	Consolidation Method
STIGA C S.à.r.l.	Luxembourg	100	Parent Company
STIGA S.p.A.	Castelfranco V.to, Italy	100	Full consolidation
STIGA (Guangzhou) Garden Products Co., Ltd	Guangzhou, Pop. Rep. of China	100	Full consolidation
GGP Koper, d.o.o.	Koper, Slovenija	100	Full consolidation
STIGA Slovakia S.r.o.	Poprad, Slovak Rep.	100	Full consolidation
STIGA Sas	Paris, France	100	Full consolidation
STIGA GmbH	Wien, Austria	51	Full consolidation
Eurotillers S.r.o.	Poprad, Slovak Rep.	49	Equity method
STIGA LLC	Moscow, Russia	100	Full consolidation
STIGA AB	Tranås, Sweden	100	Full consolidation
STIGA A/S	Oslo, Norway	100	Full consolidation
STIGA GmbH	Straelen, Germany	100	Full consolidation
STIGA Ltd	Plymouth, England	100	Full consolidation
STIGA Oy	Vantaa, Finland	100	Full consolidation
STIGA BV	Vianen, Holland	100	Full consolidation
STIGA s.r.o.	Prague, Czech Rep.	100	Full consolidation
STIGA Sp.z.o.o.	Poznan, Poland	100	Full consolidation
STIGA NV	Zedelgem, Belgium	100	Full consolidation
STIGA A/S	Bröndby, Denmark	100	Full consolidation

General Information

Board of Managers

Independent Manager (Chairman)	Rainer Schmueckle
Independent Manager	PRR Management Consultancy Ltd, represented by Peter Richardson
A Manager	Alcentra Flandre Limited, represented by Laurence Raven
Manager (CEO)	Sean Robinson
Manager (CFO)	Roberto Lucernoni

Material Accounting Policy Information

Basis of Preparation

The Consolidated Financial Statements for the fiscal year ended on 31 December 2023 have been prepared in accordance with the IFRS Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, according to the procedure provided for by Regulation (EC) No. 1606/2002 of the European Parliament and by the European Council on 19 July 2002. The designation "IFRS" also includes all valid International Accounting Standards ("IAS"), as well as all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC").

Set out below there are the consolidated financial statement schemes and the related classification criteria adopted by the Group, within the options provided by IAS 1 "Presentation of the Financial Statements":

- The Consolidated Income Statement which has been arranged by classifying expenses according to their function as part of cost of sales, distribution costs or other operating expenses;
- The Consolidated Statement of Financial Position which has been arranged using the distinction of assets and liabilities between current and non-current;
- The Consolidated Statement of Cash Flows that has been prepared using the Indirect method by which the net result of the year is adjusted for the effect of non-cash operations, changes in working capital and cash flows arising from investing and financing activities.

Other consolidated financial statements tables are:

- The Consolidated Statement of Comprehensive Income which includes components that are not recognised in the Consolidated Income Statement for the period as required or allowed by IFRS, such as changes in the cash flow hedge reserve and changes in the reserve for actuarial gains and losses on employees' benefits;
- The Consolidated Statement of Changes in Equity which include changes in the net equity with separate disclosure of net income and of each revenue, income, charge and expense not recognised in the Consolidated Income Statement, but directly charged in net equity on the basis of specific IFRS guidelines.

The Consolidated Financial Statements have been prepared according to the historical cost convention, except for financial assets and liabilities, including derivative instruments for which the adoption of the fair value method is mandatory. The arrangement of the consolidated financial statements according to IFRS requires to the Managers to carry out estimates and assumptions which affect the amounts reported in the consolidated financial statement schemes and in the pertaining notes. The final results of these estimates could differ from the estimates carried out. The Consolidated Financial Statements areas mainly affected by estimates and assumptions made by the Managers are listed under the paragraph "*Use of estimates*".

In preparing these Consolidated Financial Statements, the same accounting standards and drafting criteria were substantially applied as in the preparation of

Material Accounting Policy Information

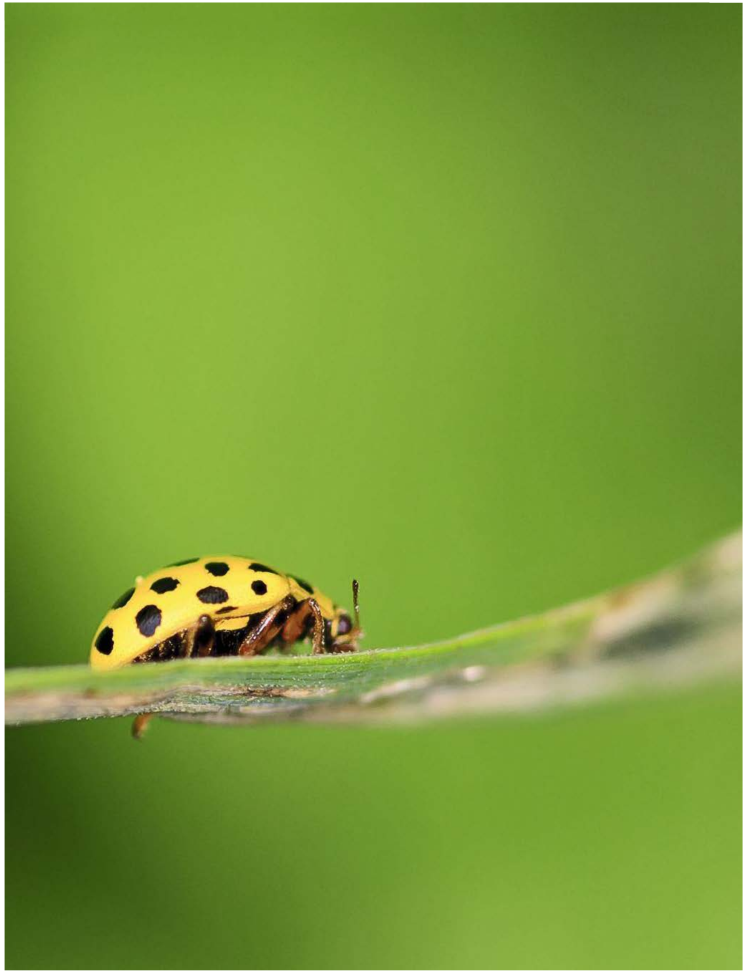
The Consolidated Financial Statements for the year ended 31 December 2022, having regard to the updates to the reference framework that came into effect on 1 January 2023, described below, which in any case did not have a significant impact on the Group, as they regulate non-existing or non-significant cases.

Accounting standards and interpretations applicable for the Group effective from 1 January 2023

Newly issued accounting standards and interpretations that came into effect on 1 January 2023, and as a result of which there is no material impact on the Consolidated Income Statement or Consolidated Statement of Financial Position, are summarised below:

<u>IFRS 17 - Insurance contracts</u>
In May 2017, the International Accounting Standards Board (IASB) issued *IFRS 17 - Insurance contracts* which defines the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued, as well as guidelines relating to reinsurance contracts held and investment contracts with discretionary holding characteristics issued. In June 2020, the IASB also issued amendments to IFRS 17 aimed at facilitating its implementation process and simplifying the way companies report their financial performance.

<u>IFRS 17 - Insurance contracts: Initial Application and IFRS 9 - Comparative Disclosure (and IFRS 4 - Insurance Contracts)</u>
In December 2021, the IASB issued amendments that provide a transition option related to comparative disclosure on financial assets presented upon initial application of IFRS 17. The amendment is intended to help entities avoid temporary accounting mismatches between financial assets and liabilities arising from insurance contracts, and thus improve the usefulness of comparative information. Moreover, in June 2020, the IASB issued amendments extending the expiry date to the temporary exemption from application of IFRS 9 to annual periods beginning on or after 1 January 2023, to align it with the introduction of IFRS 17.



Material Accounting Policy Information

IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of accounting policies

In February 2021, the IASB issued amendments that require the disclosure of information about accounting standards that are relevant to them as well as those that are significant, and provide guidance on how to apply the concept of materiality to disclosures about accounting standards.

IAS 8 - Accounting standards, changes in accounting estimates and errors: Definition of accounting estimates

In February 2021, the IASB issued amendments which clarify how companies should distinguish changes in accounting standards from changes in accounting estimates.

IAS 12 - Income taxes: Deferred Taxes related to Assets and Liabilities arising from a single transaction

In May 2021, the IASB issued amendments in order to specify how companies should account for deferred taxes on transactions such as leases and decommissioning obligations, transactions for which companies recognize both an asset and a liability. In particular, it was clarified that the exemption does not apply and that companies are required to recognize deferred taxation on such transactions.

IFRS 4 - Insurance contracts

In June 2020, the IASB issued amendments extending the expiry date to the temporary exemption from application of IFRS 9 to annual periods beginning on or after 1 January 2023.

IAS 12 - Income Taxes: International tax reform - Rules of the second pillar model

In May 2023, the IASB issued amendments to clarify the application of IAS 12 in relation to tax laws enacted or substantially enacted to implement the rules of the Organisation for Economic Cooperation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) (second-pillar income tax model). The amendments introduced: (i) a temporary mandatory exception to the accounting of deferred taxes resulting from the jurisdictional implementation of the second-pillar model rules, which was effective immediately after the amendment was issued; and (ii) disclosure requirements for covered entities to help users of financial statements better understand an entity's exposure to Pillar 2 income taxes arising from that legislation, particularly prior to the effective date of the Pillar 2 model rules, which apply to annual reporting periods beginning on or after 1 January 2023, but not for interim periods ending on or before 31 December 2023.

Accounting standards, amendments and interpretations applicable to Consolidated Financial Statements for financial years on or after 1 January 2024, the introduction of which are not expected to have a significant impact on the Group

IAS 1 - Financial Statement presentation: Classification of liabilities as current and non-current

In January 2020, the IASB issued amendments to clarify the classification between payables and other liabilities as current or non-current. In particular, the amendments issued focus on how to classify liabilities with uncertain settlement dates and liabilities that can be settled by conversion to equity.

Material Accounting Policy Information

IAS 1 - Financial Statement presentation: Non-Current Liabilities with covenants
In October 2022, the IASB issued amendments which clarify how the conditions that an entity must comply with within twelve months of the reference year affect the classification of a liability.

IFRS 16 - Leasing: Liabilities in the sale and leaseback transaction
In September 2022, the IASB issued amendments to specify measuring the liability arising from a sale and leaseback transaction, in order to ensure that the seller-lessee does not recognize any amount of profit or loss that refers to the right of use which it retains. The amendments take effect on 1 January 2024.

IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments: supplementary disclosures: Supplier Finance Arrangements
In May 2023, the IASB issued amendments introducing new requirements designed to improve the disclosure of information provided on Supplier Finance Arrangements, intended to assist users in understanding the effects of Supplier Finance Arrangements on liabilities, cash flows, and exposure to liquidity risk. The amendments take effect on 1 January 2024 or later.

IAS 21 - Effects of changes in foreign currency exchange rates: Lack of Exchangeability
In August 2023, the IASB issued amendments to clarify how an entity should apply a consistent approach when assessing the possibility of currency conversions, to determine the exchange rate to be used and the disclosures to be made. The amendments take effect on 1 January 2025 or later.

The Group intends to adopt these standards and interpretations, if applicable, when they come into force. These changes are not expected to have a material impact on the Group's consolidated financial statements.

Material Accounting Policy Information

Basis of Consolidation

The Consolidated Financial Statements include the Financial Statements of the Company and its subsidiaries as of 31 December 2023. Details of the Company and its consolidated subsidiaries as of 31 December 2023 are as follows:

Company Name	Registered Office	% Held	Consolidation Method
STIGA C S.à.r.l.	Luxembourg	100	Parent Company
STIGA S.p.A.	Castelfranco V.to, Italy	100	Full consolidation
STIGA (Guangzhou) Garden Products Co., Ltd	Guangzhou, Pop. Rep. of China	100	Full consolidation
GGP Koper, d.o.o.	Koper, Slovenija	100	Full consolidation
STIGA Slovakia S.r.o.	Poprad, Slovak Rep.	100	Full consolidation
STIGA Sas	Paris, France	100	Full consolidation
STIGA GmbH	Wien, Austria	51	Full consolidation
Eurotillers S.r.o.	Poprad, Slovak Rep.	49	Equity method
STIGA LLC	Moscow, Russia	100	Full consolidation
STIGA AB	Tranås, Sweden	100	Full consolidation
STIGA A/S	Oslo, Norway	100	Full consolidation
STIGA GmbH	Straelen, Germany	100	Full consolidation
STIGA Ltd	Plymouth, England	100	Full consolidation
STIGA Oy	Vantaa, Finland	100	Full consolidation
STIGA BV	Vianen, Holland	100	Full consolidation
STIGA s.r.o.	Prague, Czech Rep.	100	Full consolidation
STIGA Sp.z.o.o.	Poznan, Poland	100	Full consolidation
STIGA NV	Zedelgem, Belgium	100	Full consolidation
STIGA A/S	Bröndby, Denmark	100	Full consolidation

Subsidiaries are enterprises controlled by the Group, as defined by IFRS 10 – Consolidated Financial Statements. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the subsidiaries are included in the Consolidated Financial Statements from the date control commences until the date it ceases.

At the date of acquisition, assets and liabilities of a subsidiary are measured at fair value. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. When necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

All significant intercompany transactions and balances between Group enterprises are eliminated on consolidation.

Investments in associates are accounted for using the equity method. A company is considered an associate if the Group participates in decisions relating to the company's operating and financial policies even if the latter is not a subsidiary nor subject to joint control. Under the equity method, on initial recognition, an investment in an associate is recognised at cost in the Consolidated Statement of Financial Position and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The eventual goodwill relating to the associate is included in the carrying amount and is not subject to amortisation. The profits generated as a result of transactions carried out by the Group with associates are eliminated to the extent of the Group's interest in the associate. The financial statements of companies accounted for based on the equity method are adjusted to be in line with the Group's accounting policies.

Material Accounting Policy Information

Foreign Currency Translation

Functional and Presentation Currency
Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in Euro, which is the Company's functional and presentation currency.

Transactions and Balances
Transactions in foreign currencies are recorded at the foreign exchange rate prevailing at the date of the transaction.

Group Companies
Conversion into Euro of the Financial Statements of foreign subsidiaries was made using the year-end exchange rate for assets and liabilities and the monthly average exchange rate for the income statement captions. Regarding historical rates, exchange rates effective at the transaction date have been applied. Exchange differences arising on converting financial statements expressed in foreign currencies are booked directly to shareholders' equity (Consolidated Statement of Comprehensive Income).

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The exchange rates used for converting the Financial Statements of consolidated foreign subsidiary companies into EUR are as follows (for the monthly average rates used in the profit and loss the table below provides the lowest and the highest rate):

Currency	Monthly Average Exchange Rate in the Fiscal Year (Lowest)	Monthly Average Exchange Rate in the Fiscal Year (Highest)	Exchange Rate as of 31 December 2023
SEK Swedish Crown	11.1725	11.8417	11.0960
GBP British Pound	0.8586	0.8855	0.8691
DKK Danish Crown	7.4383	7.4604	7.4529
NOK Norwegian Crown	10.7149	11.7958	11.2405
PLN Polish Zloty	4.3335	4.7415	4.3395
CZK Czech Crown	23.4369	24.5844	24.7240
CNY Chinese Yuan Renminbi	7.3173	7.9482	7.8509
RUB Russian Ruble	75.1734	104.3013	99.6434

Material Accounting Policy Information

Intangible Assets

Goodwill

Goodwill acquired as part of a business combination is determined as the excess of the sum of the considerations transferred to the business combination, shareholders' equity attributable to non-controlling interests and the fair value of any equity investment previously held in the acquiree, over the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the value of the net assets acquired and liabilities assumed exceeds the sum of the considerations transferred, the Shareholders' equity attributable to non-controlling interests and the fair value of any equity investment previously held in the acquiree, the excess amount is immediately recognised in the income statement as income.

After initial recognition, goodwill is measured at cost less any accumulated impairment loss. In fact, goodwill is not amortised and is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, pursuant to IAS 36 – Impairment of Assets.

The recoverable amount of the Cash-Generating Unit (CGU) to which the individual asset is allocated is verified by calculating its value in use and/or fair value. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount. A CGU is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Considering the features of the Group, which present a substantial business standardisation and deep industrial and commercial interactions among products and among companies in the Group, internal different independent cash-generating units are not identifiable. Therefore, the goodwill has been originally allocated to the sole CGU identified at the level of the same whole group, as also actually duly consistent with the operations and the reporting instances.

Trademarks, Patents and Licences

Separately acquired trademarks, patents and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software and use or sell it;
- There is an ability to use or sell the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- The expenditure attributable to the software during its development can be reliably measured.

Material Accounting Policy Information

Directly attributable costs that are capitalised as part of the software include employee costs.

Capitalised development costs are recorded as intangible assets and amortised when the asset is ready for use.

Research and Development
Research expenditure and development expenditure that do not meet the criteria for capitalisation are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation Methods and Period
Amortisation is recorded on a straight-line basis on estimated useful life of the assets. The following amortisation rates are used:

Development Costs	3-5 years
Computer Software	5 years
Licenses	5 years
Trademarks	10 years
Patents	5 years

Tangible Assets

Tangible Assets are stated at historical cost, net of accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from Equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Depreciation is recorded on a straight-line basis on estimated useful life of the assets. Land is not depreciated. The following depreciation rates are used:

Buildings	20-50 years
Land Improvements	20 years
Building Equipment	10-20 years
Machinery	3-10 years
Other Equipment	5 years

Material Accounting Policy Information

Impairment of Assets

The Group reviews, at least annually, the recoverability of the carrying amount of intangible and tangible assets, in order to determine whether there is any indication that those assets have suffered any impairment loss. If indications of impairment exist, the carrying amount of the assets is reduced to its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the Cash-Generating Unit to which the asset belongs, which is, in the case of Group, itself as a whole, as explained previously.

Leases

When signing a contract, the Group assesses whether it is, or contains, a lease, i.e. whether the contract confers the right to direct the use of an identified asset, and to obtain substantially all the economic benefits from that use for a period of time in exchange for a consideration. The Group uses a single model of recognition and measurement for all leases. The Group recognises liabilities relating to lease payments and the Right Of Use (ROU) the asset underlying the contract. The Group recognises ROU assets at the lease commencement date (i.e. the date on which the underlying asset is available for use). ROU assets are measured at cost, net of accumulated depreciation and impairment losses, and adjusted for any remeasurement of the Lease Liabilities. The cost of the ROU includes the amount of the Lease Liabilities recognised, the initial direct costs incurred and the lease payments made as of the commencement or before inception, net of any incentives received. ROU assets are depreciated on a straight-line basis from the commencement date over the shorter of the end of the useful life of the asset and the end of the lease term. ROU are subject to eventual impairment pursuant to IAS 36 – Impairment of Assets.

The identified asset may be identified explicitly or implicitly, or an asset can also be a portion of a larger asset if this portion is physically distinct; furthermore, the asset is identified if the supplier does not have substantive right of substitution throughout the contract term. With regard to obtaining all the economic benefits deriving from the use of the asset, the lessee's specific right-of-use contemplated in the contract must be considered (e.g.. use of the asset in a specific place or use of the asset for a certain number of hours). Control of the asset exists when the lessee can direct the use of the asset without changes being made by the supplier or if the way in which and the purpose for which the asset is to be used has been predetermined. The lessee's right to direct usage of the asset will not be forfeited in the event the supplier only maintains protective rights which make it possible to protect the asset and personnel, as well as comply with the law. Similar contracts may be grouped and accounted for together if application of IFRS 16 to each contract would not have a significantly different impact on the Financial Statements.

The ROU asset must be valued at cost comprehensive of the present value of future payments, the initial costs incurred directly by the lessee, any advance lease payments made and the estimate of the costs for elimination, removal and restoration. The related liability (the "Lease Liability") must equal the present value of the payments payable over the term of the lease discounted at the interest rate implicit in the lease, if easily determined, or alternatively, at the Incremental Borrowing Rate which is the rate that the lessee would pay on a loan with a similar duration and conditions. In the event the lease term, purchase options, the residual value guaranteed, or variable payments based on indices or rates, are redetermined, the lease liability must be restated.

Material Accounting Policy Information

The Incremental Borrowing Rate ("IBR"), given the substantially stable conditions on which the calculation is based, has been based on the average borrowing cost of STIGA Group, e.g. 5.40% for short-term financing and 6.25% for long-term financing, applied accordingly to the lease agreements for which the conditions of adoption of the new standard have been respected, depending on their maturity date and is in line with previous year.

As practical expedients allowed by IFRS 16, the Group excluded the initial direct costs from the measurement of the ROU assets at the date of transition to the new standard. With reference to the low value and short term options, instead, the Group did not apply any expedient.

In terms of presentation, the ROU assets are not reported separately in the Consolidated Statement of Financial Position, but within the same line item as that within which the corresponding underlying assets would be presented if they were owned and the related financial liabilities (not reported separately as well) are recognised in the net financial position as non-banking items.

Financial Assets

Financial Assets are recognised under Current and Non-Current Assets based on maturity and expectations of when they are converted into monetary assets. Financial Assets include equity Investments in other companies (other than associates), derivatives, receivables, and cash and cash equivalents. The Group's financial assets are classified according to the business model adopted for the management of these assets and the related cash flows. The categories identified are as follows:

<u>Financial Assets Measured at Amortised Cost</u>
This category includes financial assets for which the following requirements have been verified:

- The asset is owned within the framework of a business model whose objective is to own the asset in order to collect contractual cash flows; and
- The contractual terms of the asset provide for cash flows represented solely by payments of principal and interest on the principal amount to be repaid.

In this specific case, these are mainly loans recognised as assets, and trade and other receivables. Receivables and loans recognised as assets are included in Current Assets, except for those with a contractual maturity of more than 12 months from the reporting date, which are classified as Non-Current Assets. Receivables are classified in the Consolidated Statement of Financial Position as Trade and Other Assets (Current and Non-Current). Loans recognised as assets are classified as Financial Assets (Current and Non-Current). With the exception of Trade Receivables that do not contain a significant financial component, other receivables and loans recognised as assets are initially recognised in the Consolidated Financial Statements at their fair value plus any ancillary costs directly attributable to the transactions that generated them. Upon subsequent measurement, assets in this category are measured at amortised cost using the effective interest rate. The effects of this measurement are recognised among the Financial Income components. Such assets are also subject to the impairment model described in the section "Trade Receivables and Other Non-Financial Assets".

Material Accounting Policy Information

Financial Assets at Fair Value Through Other Comprehensive Income (“FVOCI”)
This category includes financial assets for which the following requirements have been verified:

- The asset is owned within the framework of a business model whose objective is achieved either through the collection of contractual cash flows or through the sale of the asset; and
- The contractual terms of the asset provide for cash flows represented solely by payments of principal and interest on the principal amount to be repaid.

These assets are initially recognised in the Consolidated Financial Statements at their fair value plus any ancillary costs directly attributable to the transactions that generated them. Upon subsequent measurement, the valuation carried out at the time of recognition is updated and any changes in fair value are recognised in the Consolidated Statement of Comprehensive Income. As with the preceding category, these assets are subject to the impairment model described in the section “Trade receivables and other assets” below.

Financial Assets at Fair Value Through Profit or Loss (“FVTPL”)
Financial Assets that cannot be placed in any of the previous categories are classified under this category (a residual category). These are mainly derivatives that the Group has not irrevocably decided to classify as FVOCI at initial recognition or at the time of transition to IFRS 9. Assets in this category are classified under Current or Non-Current Assets according to their maturity and recognised at fair value at the time of initial recognition.

In particular, equity Investments in non-consolidated companies over which the Group does not exercise significant influence are included in this category and recognised under “Investments Accounted for Using the Equity Method”. The ancillary costs incurred when recognising the asset are immediately charged to the Consolidated Income Statement. Upon subsequent measurement, FVTPL financial assets are measured at fair value. Gains and losses arising from changes in fair value are recognised in the Consolidated Income Statement in the period in which they are recorded, under other net income/(expenses). Purchases and disposals of financial assets are booked at the settlement date.

The Group derecognises financial assets when: (i) the assets are redeemed or the rights to cash flows from the assets have otherwise expired; (ii) the Group has transferred substantially all the risks and rewards of ownership of the assets; or (iii) the Group has neither transferred nor retained substantially all risks and rewards of ownership but has not retained control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Trade Receivables and Other Assets

The assumption adopted by the Group with regard to Trade and Other Assets is that these do not contain a significant financial component maturing in less than one year: they are therefore recognised initially at the price defined for the relevant transaction (determined according to the provisions of IFRS 15). Upon subsequent measurement, they are valued using the amortised cost method and the impairment model introduced by IFRS 9.

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According to this model, the Group assesses receivables on an expected loss basis. For Trade Receivables, the Group has adopted a simplified measurement approach, which does not require the recognition of periodic changes in credit risk, but rather the recognition of an Expected Credit Loss ("ECL") calculated over the entire life of the receivable ("lifetime ECL"). Depending on the different characteristics of the credit risk per country, the decision was made to apply specific evaluation for different groups of receivables on an individual basis and, if necessary, fully written down, if there is no reasonable expectation of recovery, or if there are inactive commercial counterparties (situations of bankruptcy and/or initiation of legal actions). Then, the expected solvency of counterparties is assessed also according to a stratification of the Trade Receivables based on past due days. Write-down rates are applied to these categories that reflect the related expected losses (based on historical Trade Receivables payment profiles).

Inventories

Raw Materials and Consumables are stated at the lower of cost and the corresponding net realisable value. The cost is determined according to the weighted average costs method. Costs of purchased Inventory are determined after deducting rebates and discounts. Work in progress and finished goods are valued at the manufacturing cost or at the lower market value. The manufacturing cost includes direct materials and direct labour, as well as an appropriate portion of the indirect materials and labour costs, production-related depreciation and the expenditure attributable to the products. Distribution, General Administrative Costs and Interest Expenses are not allocated.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provision is made for obsolete and slow-moving Inventories based on their expected future use and realisable value.

Cash and Cash Equivalents

Cash and Cash Equivalents include available cash and credit balances of bank current accounts with no limits or restrictions, recognised at nominal value. Cash and Cash Equivalents are short-term, highly liquid investments that are readily convertible to cash, for which the risk of a change in value is insignificant. Investments are generally classified as cash and cash equivalents when their original maturity is three months or less.

Accrued Expenses and Deferred Income

Costs and income relating to two or more years are booked as accruals and deferrals in order to comply with the matching principle.

Provision for Liabilities and Charges

Provisions for legal claims, service warranties and other obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Material Accounting Policy Information

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Changes in estimates are reflected in the Consolidated Income Statement in the period in which the change occurs.

Bank Borrowing and Trade and Other Payables

Payables and other financial and/or trade liabilities are initially recognised at fair value, less any transaction costs incurred in relation to obtaining the obligation. They are subsequently carried at amortised cost; in the case of loans, any difference between the amount received (less transaction costs) and the total repayment amount is recognised in the Consolidated Income Statement over the period of the loan, using the effective interest rate method.

Trade Payables are classified as current liabilities if payment will take place within one year of the reporting date. Otherwise, such payables are classified as non-current liabilities. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for 12 months after the reporting date; in this case, only the portion falling due within 12 months of the reporting date is classified as a current liability. Payables to banks and other lenders are removed from the Consolidated Financial Statements when they are settled, that is when all risks and charges relating to the instrument are transferred, cancelled or extinguished.

Financial Liabilities for Leases

At the commencement date of a lease, the Group recognises financial liabilities for leases, measuring them at the present value of the lease payments due and not yet paid at that date. The payments due include fixed payments (including substantially fixed payments) net of lease incentives received, variable lease payments that are index or rate dependent, and amounts expected to be paid for residual value guarantees.

Lease payments also include the exercise price of a call option if it is reasonably certain that this option will be exercised by the Group, and lease termination penalty payments if the lease term takes into account the Group's exercise of the lease termination option, but variable lease payments that are not dependent on an index or rate are recognised as costs in the period in which the event or condition that generated the payment occurs. In calculating the present value of the payments due, the Group uses the Incremental Borrowing Rate at inception if the implicit interest rate cannot be easily determined, as stated above.

After the commencement date, the amount of the lease liability is increased to reflect interest on the lease liability and decreased to reflect payments made. In addition, the carrying value of lease payables is recalculated in the event of any amendments to the lease or the revision of the contractual terms to change the payments; it is also recalculated in the event of changes to the valuation of the option to purchase the underlying asset or for changes in future payments that result from a change in the index or rate used to determine such payments.

Material Accounting Policy Information

Employee Benefits

Short-Term Obligations
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current Employee Benefit Obligations in the Consolidated Statement of Financial Position.

Post-Employment Obligations
Employees of the Group participate in some defined benefit and/or defined contribution pension plans in accordance with local conditions and practices in the countries in which the Group operates. Defined benefit pension plans are based on the employees' years of service and the remuneration earned by the employee during a pre-determined period.

The Group's obligation regarding defined benefit pension plans and the annual cost recognised in the Consolidated Income Statement is determined by independent actuarial experts using the projected unit credit method. The net cumulative actuarial gains and losses are recognised every year to equity, in accordance with IAS 19. The post-employment benefit obligation recognised in the Consolidated Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses reduced by the fair value of plan assets.

Payments to defined contribution plans are recognised as an expense in the Consolidated Income Statement as incurred.

Share-Based Payments
The Group provides additional benefits to certain managers through incentive plans accounted in accordance with IFRS 2 – Share Based Payments.

In particular, on 7 July, 2016 STIGA S.A. (the parent of the Company), STIGA C and STIGA S.p.A. signed an agreement which regulates the entitlement of two identified Non Executive Directors (NED) of STIGA C Board of Managers to receive a cash payment by STIGA S.A. as an incentive. Such obligation of STIGA S.A. to pay the incentive originates upon the occurrence of an exit event ("Cash Payment"); the Cash Payment amount depends on the amount resulting from the exit proceeds. Such so called "NEDIP" (Non Executive Directors Incentive Plan) therefore qualifies as a cash-settled share-based compensation plan at the level of STIGA S.A., which is the obliged entity, but its proper accounting is at the level of STIGA C, according to IFRS 2, as an equity-settled incentive plan.

Financial Derivative Instruments

Derivative Financial Instruments are accounted for in accordance with IFRS 9 – Financial Instruments and so are, in any case, measured at fair value. STIGA Group uses derivatives solely for hedging purposes, in order to reduce exposures to currency and interest rate risk. Derivative financial instruments were qualified for hedge accounting pursuant to a principles-based approach, according with IFRS 9. In order to qualify for hedge accounting, the hedge relationship must meet the hedge effectiveness criteria at the beginning of each hedged period which requires that:

Material Accounting Policy Information

- 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; and
- The hedge ratio of the hedging relationship is the same as that actually used in the economic hedge.

When financial instruments meet the conditions for hedge accounting, they are accounted for, in general, as follows (theoretical three types of hedging relationships):

Fair Value Hedge – If a financial instrument is designated as a hedge of the exposure to changes in fair value of a recognised asset or liability, that is attributable to a particular risk that could affect profit or loss, the gain or loss from re-measuring the hedging instrument at fair value is recognised in profit or loss; the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognised in profit or loss.

Cash Flow Hedge – If a financial instrument is designated as a hedge of the exposure to variability in cash flows attributable to a highly probable forecasted transaction which could affect profit or loss, the effective portion of the gain or loss on the hedging instrument is recognised in the Statement of Consolidated Comprehensive Income; the effective portion of the cumulative gains or losses is reclassified from equity to profit or loss in the same period that the hedged transaction affects profit or loss; the gain or loss associated with an ineffective portion of the hedge are recorded in profit or loss when the ineffectiveness occurred.

If a hedging instrument or a hedging relationship is terminated, but the hedged transaction has not yet occurred, the cumulative gains and losses recorded up until then in the Statement of Consolidated Comprehensive Income are reclassified to profit or loss when the related transaction occurs. If a hedged forecast transaction is no longer expected to occur, the unrealised cumulative gains or losses in Equity are reclassified to profit or loss. If hedge accounting is no longer applicable, the gains or losses arising from the derivative financial instrument's fair value measurement are recognised in profit or loss.

Net Investment Hedge – 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 the Statement of Comprehensive Income, while any gains or losses relating to the 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 recorded in equity is transferred to the statement of profit or loss.

STIGA Group ordinarily uses derivative financial instruments (i.e. currency forward agreements and Interest Rate Swaps), as part of its risk management policy to reduce its exposure to market risks from changes in foreign exchange rates and in interest rate fluctuations on the long-term debt, therefore accounted as cash flow hedgings. Regardless of the managerial purpose of the contract, if the derivative instruments used to manage interest rate and currency risk do not satisfy (or they no longer satisfy) the formal requirements for IFRS hedge accounting, such instruments are recognised in the Statement of Financial Position as financial assets/liabilities at their fair value on the reporting date and changes in fair values are recognised through profit or loss.

Material Accounting Policy Information

Revenue Recognition

Revenue recognition reflects the consideration to which the entity will be entitled to when the control of the merchandise or services is transferred to the customer. On the basis of the five-step model introduced by IFRS 15 – Revenue from Contracts with Customers, the Group recognises revenues after identifying contracts with its customers and the related services to be provided (transfer of goods and/or services), determining the consideration to which it believes it is entitled in exchange for providing each of these services, and assessing how these services are provided (at a point in time or over time). More specifically, revenues from the sale of goods are recognised in the income statement when control of the product sold is transferred to the customer, usually coinciding with the delivery or shipment of the goods to the customer; revenues for services are recognised in the period in which the services are rendered, with reference to completion of the service provided and as a proportion of the total services still to be rendered. Revenues are recognised at the fair value of the consideration received. Revenues are recognised net of value added tax, expected returns and any trade discounts, allowances, settlement discounts and rebates. Payment times granted to Group customers do not exceed a 12-month period, so the Group does not make transaction price adjustments to take financial components into account.

Cost of Sales

Cost of sales comprises the cost of manufacturing products and the acquisition cost of purchased merchandise, which has been sold.

It includes all directly attributable material and production costs and all production overheads. These include the depreciation of property, plant and equipment and the amortisation of intangible assets relating to production and write-downs of inventories. The acquisition of goods, mirroring revenue, is determined by the transfer of control over them.

Taxation

Income taxes include all taxes based upon the taxable profits of the Group. Deferred taxes are provided using the full liability method. They are calculated on all temporary differences between the tax base of an asset or liability and the carrying values in the Consolidated Financial Statements, except for those arising from non-tax-deductible goodwill and for those related to investments in subsidiaries where reversal will not take place in the foreseeable future. Tax assets on unused tax losses and tax credits, as well as those arising from temporary differences, are recognised to the extent it is probable that future profits will be available against which they can be utilised, determined on the basis of available projections.

Current Income Tax Assets and Liabilities are offset when the income taxes are levied by the same taxation authority and where there is a legally enforceable right to offset. Deferred Tax Assets and Liabilities are measured at the enacted tax rates in the respective jurisdictions in which the Group operates that are expected to apply to taxable income in the periods in which temporary differences will presumably reverse.

Material Accounting Policy Information

Dividends

Dividends are reported as a movement in equity in the period in which they are approved by the shareholder.

Use of Estimates

The preparation of Consolidated Financial Statements and related disclosures that conform to IFRS requires Management to make estimates and assumptions affecting measurement of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements. Actual results could differ from those estimates. Estimates and assumptions are reviewed periodically and the effects of any changes are immediately reflected in the income statement. Set out below there is a brief description of the areas that require more than others a subjective input by the Management in making estimates and for which a change in the conditions underlying the used assumptions could have a significant impact on financial data.

<u>Impairment of Tangible and Intangible Assets</u>
Goodwill is tested at least once a year, and in any case whenever events or circumstances indicate the possibility of impairment, for recoverability pursuant to IAS 36.

If the recoverable amount is less than the carrying amount, the asset is written down to its recoverable amount (defined as the greater of its value in use and its fair value).

Verification of the amount requires subjective judgements to be made, based on information available within the Group and from the market, as well as past experience. In addition, where potential impairment is identified, it is determined using evaluation techniques regarded as appropriate. The same verifications of value and the same evaluation techniques are applied to intangible and tangible assets with a definite useful life when there are indicators suggesting that recovery of the relative net carrying amount through use might be difficult. The correct identification of impairment triggers and estimates to determine this depend on factors that may vary over time, with an effect on the valuations and estimates made by the Group.

<u>Depreciation and Amortisation (Useful Life of Fixed Assets)</u>
Depreciation and Amortisation reflect the best estimate of the expected useful life of assets with a finite life. This estimate is based on the possibility of use of these assets and their capacity to contribute to the Group’s results in future years.

<u>Inventory Obsolescence</u>
A specific stock depreciation provision in direct reversal of the gross value of inventories reflects the estimates made by the Management in order to align the book value to the market value if deemed less than the cost, in relation to contents of obsolescence and/or depreciation of the stock, determined according to the levels of rotation, production and sales plans, as well as the physical state of raw materials, semi-finished and finished products.

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Provisions for Doubtful Accounts
A specific fund for doubtful receivables at direct reversal of their gross value reflects the estimates of the expected losses estimated on the basis of past experience and the future expectations of receivables with a similar risk profile, on current and historical past due amounts, as well as on a careful monitoring of the credit portfolio quality and of the current and expected conditions of the economy and of the reference markets. Estimates and assumptions are reviewed periodically and the effects of any changes are reflected in the income statements of the year to which they pertain.

Pension Funds and Other Employee Benefits
The cost of the defined benefit pension plans is determined using actuarial valuations. The actuarial valuations involve making assumptions about discount rates, expected rates of return on investments, future salary increases, mortality rates and future pension increases. Because of the long-term nature of these plans, such estimates are subject to significant degree of uncertainty.

The costs recognised in the income statement in relation to incentive plans for managers are mainly influenced by the estimated timing of the occurrence of the event that triggers vesting, as well as the actual possibility of the occurrence of the event and the presumed reference value of the plan. Therefore, this estimate depends on factors that may vary over time and variables that the management might find it hard to predict and determine. Changes in these items may significantly influence the assessments made by the management and therefore result in changes in the estimates.

Fair Value of Financial Instruments
The fair value of eventual listed financial instruments is based on the current offering price. If the market for a financial asset is not active (or unlisted securities are involved), the Group defines fair value using valuation techniques. These techniques include referring to advanced trading in progress, securities with the same characteristics, cash flow analyses, and price models based on the use of market indicators and aligned, as far as possible, with the assets to be valued.

In the process of formulating the valuation, the Group emphasises the use of market information over the use of internal information specific to the nature of the Group's business. These assumptions may not occur with the expected timing and mode. Therefore, estimates of these derivatives could differ from the final data.

Deferred Tax Assets
Deferred Tax Assets are booked based on expectations of taxable income in future years for the purpose of recovering them. The evaluation of expected taxable income for the accounting of deferred tax assets depends on factors that may vary over time and have significant effects on the recoverability of the deferred tax assets.

Provisions for Risks and Charges
Provisions representing the risk of a negative outcome are recognised for legal and tax risks, as well as for other liabilities uncertain in timing or amount (i.e. warranty costs).

Material Accounting Policy Information

The amount of provisions recorded in the Consolidated Financial Statements in relation to these risks represents the best estimate to deal with potential risks. This estimate entails the use of assumptions that depend on factors that might change over time and that might therefore have significant effects compared with the current estimates used to prepare the Consolidated Financial Statements.

<ins>Financial Liabilities and ROU Assets</ins>
The Group recognises the ROU asset and the Lease liability. The ROU asset is initially measured at cost, and subsequently at cost net of depreciation and cumulative impairment losses and adjusted to reflect the revaluations of the lease liability. The Group values its lease liability at the present value of lease payments due and not paid at the commencement date, discounting them using the interest rate as defined above.

The lease liability is subsequently increased by interest accruing on that liability and decreased by the lease payments owed, and is revalued in the event of a change in future lease payments due as a result of a change in the index or rate, in the event of a change in the amount that the Group expects to have to pay as a residual value guarantee or when the Group changes its assessment with regard to the exercise of a purchase, extension or termination option.

Leases in which the Group acts as lessee may provide for renewal options which therefore affect the term of the lease. Assessments of whether there is a relative certainty that this option is (or is not) exercised may significantly affect the amount of lease liabilities and ROU assets as well as the Incremental Borrowing Rate applied when it is not possible to easily determine the interest rate implicit in the lease.

Material Accounting Policy Information

Going Concern

The financing agreement signed by the Company in 2022 provides the Group with aggregate term loans of EUR 165 million, with EUR 24.6 million due in August 2024 (following EUR 15 million prepayment made in December 2023) and EUR 140.4 million expiring in February 2026. Further, carve outs for Receivables Finance Facilities and Permitted Indebtedness up to EUR 210 million and a RCF up to EUR 60 million are included. There are no maintenance financial covenants, with the exception of a leverage ratio only in case of RCF usage.

With regard to the Receivables Finance Facilities, the Group has in place a securitisation programme over the receivables of the Italian Company for EUR 60 million and two further receivable financing agreements for aggregate EUR 60 million covering the receivables of UK, Germany and Poland.

In evaluating the appropriateness of the going concern assumption for the preparation of the annual accounts, Managers took into consideration the Group's solid financial structure as described above, as well as the possible implications on the Group commercial performance of the current macroeconomic trends affecting the various European countries economies. Under this respect Managers noted that, despite the significant reduction of the power garden equipment market following Covid-19, the contraction of consumer spending and worsening geopolitical instability that occurred in 2023, the profitability of the Group remained at an acceptable level thanks to the prompt implementation of cost reduction actions. Further, the significant improvement in working capital led to an operating cash flow of EUR 59.3 million, allowing the Group to make an early repayment for EUR 15 million term loan due in August 2024. Management is confident that 2024 EBITDA and cash flow will be higher than previous year.

In the light of the circumstances described above, the Board of Managers deem the going concern assumption appropriate for the preparation of the Consolidated Financial Statements as of 31 December 2023.

Reconciliation between Separate and Consolidated Financial Statements

A reconciliation of Equity and Net Result between separate accounts of the parent company and consolidated figures is provided in the table below. It should be noted in evaluating such analysis that the separate accounts of the parent company STIGA C S.à r.l. are prepared under Luxembourg Accounting Principles and are therefore not fully comparable with consolidated accounts. For this reason the cumulative effect of adjustments made to align the parent company accounts to IFRS is included in the reconciliation, among the "Other Consolidation Entries".

	Equity		Net Result	
Description	**31 December 2023**	**31 December 2022**	**2023**	**2022**
STIGA C S.à.r.l. Statutory Financial Statements	**174,757**	**157,273**	**17,485**	**42,022**
- Difference in Values of Investments and Equity	-	-		
- Investments' Value Elimination	(310,541)	(290,537)	(20,000)	(45,000)
- Equity and Net Result of Consolidated Companies	246,947	241,655	22,033	44,437
- Goodwill arising in Consolidation	91,661	91,661	-	-
- Dividends Elimination	(2,144)	(4,334)	(12,394)	(17,980)
- Elimination of IC Gains on Assets Disposals and IC Profit on Inventory	(12,887)	(6,674)	(6,213)	(3,614)
- Other Consolidation Entries	4,651	1,909	1,032	2,893
Consolidated Financial Statements	**192,443**	**190,953**	**1,944**	**22,758**
- Non-Controlling Interests	(115)	(186)	(135)	(262)
Consolidated Financial Statements - Attributable to the Owner of STIGA C S.à.r.l.	**192,328**	**190,767**	**1,809**	**22,495**

Notes to the Consolidated Financial Statements

(1) Intangible Assets

EUR 000's	Development Costs	Software & Licenses	Trademarks & Patents	Goodwill	Other	Total
Carrying Amount at the Beginning of the Fiscal Year	**21,905**	**3,387**	**1,012**	**91,661**	**113**	**118,078**
Additions	6,142	617	443	-	-	7,202
Decreases	(33)	-	-	-	-	(33)
Reclassifications	(234)	4	253			23
Amortisation	(8,488)	(1,195)	(475)	-	(83)	(10,242)
Translation differences	-	(10)	-	-	(6)	(15)
Carrying amount at the end of the Fiscal Year	**19,292**	**2,803**	**1,233**	**91,661**	**24**	**115,013**

Appendix 2 shows historical costs, accumulated amortisation and changes during the year for each item.

Development costs derive from activities aimed at designing and building prototypes for future products that will bring an economic benefit to the Group. If conditions for capitalisation are not met, expenses are charged to the Consolidated Income Statement as incurred. The development costs capitalised in this fiscal year relate to activities performed by the R&D centre in Italy (EUR 6.1 million).

Software and Licenses include costs incurred in Italy for the improvement of SAP infrastructure, other ICT (Information and Communications Technology) systems optimisation, the customer service portal, the CRM system and the new e-commerce websites. The increase of the year is mainly related to customer EDI connections, manufacturing process optimisation and to the supply chain distribution process.

The net book value of Trademarks and Patents refers to the patents for autonomous robot mowers (EUR 0.9 million), handhelds C Series (EUR 0.1 million) and E-ride mowers (EUR 0.1 million).

Notes to the Consolidated Financial Statements

Goodwill is an intangible asset with an indefinite useful life. It is therefore not amortised, but tested for impairment (at least) annually, in accordance with IAS 36. The impairment test performed as of 31 December 2023 was based upon future cash flows as resulting from the Budget 2024 and the Business Plan 2027 and it is fully passed being the Equity value in use (Enterprise Value less Net Financial Position) higher than the Equity resulting in the Consolidated Financial Statements, respectively amounting to EUR 482 million and EUR 192 million. Management believes that the assumptions underlying expected cash flows used for the impairment test are appropriate and prudent even though subject to the typical uncertainties connected to the current macroeconomic trends and to the dependency on external factors of the business in which the Group operates.

As already stated as general principle within the Group, considering the related features which present a substantial business standardisation and deep industrial and commercial interactions among products and among companies in the Group, the analysis was performed at consolidated level, considering the Group as a single CGU.

The current value in use was calculated as present value of future expected cash flows generated in the years 2024-2027 plus the terminal value. Among the assumptions used in the calculation, it is worth noting the growth rate used for determining the terminal value which was set at 2.0% and the Weighted Average Cost of Capital (WACC) rate set at 9.91%. Those rates reflect current estimates of inflation rates and market values of interest rates and industry risks.

The sustainability of the result of the impairment testing has been corroborated by sensitivity analysis based on changes in the main assumptions of the model, as below:

- 50 basis points increase in the discount rate;
- 50 basis points decrease in the growth rate;

The test performed with the above assumptions confirms the results of the impairment test and would have not required any write-down of the goodwill as of 31 December 2023.

Notes to the Consolidated Financial Statements

(2) Tangible Assets

EUR 000's	Land & Buildings	Plant & Machinery	Tools and Equipment	Other Tangible Fixed Assets	ROU	Total
Carrying Amount at the Beginning of the Fiscal Year	**31,905**	**6,883**	**14,869**	**3,148**	**6,373**	**63,178**
Additions	762	1,321	1,299	1,554	5,290	10,226
Decreases	-	620	(809)	(10)	-	(199)
Reclassifications	3	(85)	55	5	-	(23)
Depreciation	(1,587)	(2,729)	(4,024)	(1,808)	(4,778)	(14,926)
Translation differences	(211)	(77)	(245)	(14)	(5)	(551)
Carrying amount at the end of the Fiscal Year	**30,872**	**5,933**	**11,145**	**2,875**	**6,880**	**57,705**

Appendix 3 shows historical costs, accumulated amortisation and changes during the year for each item.

Land & Buildings refer to the production premises of STIGA S.p.A., STIGA Slovakia S.r.o. and STIGA Garden Products (Guangzhou) Co. Ltd, (respectively in Castelfranco Veneto and Campigo – Italy, Poprad – Slovakia and Guangzhou – People's Rep. of China) and the main warehouses in Sweden and China.

During the fiscal year, the Group has mainly invested in buildings, machinery, tools, moulds and other equipment in STIGA S.p.A. (EUR 2.5 million, out of which EUR 0.5 million for moulds related to new products, EUR 0.4 million for the preparation of the installation of the photovoltaic system in the plant, EUR 0.2 million for the substitution of two welding stations, EUR 0.1 million for the purchase of a trailer for Roadshows), STIGA (Guangzhou) Garden Products Co. Ltd (EUR 0.9 million), STIGA Slovakia S.r.o. (EUR 0.5 million), STIGA Gmbh (EUR 0.3 million). As in prior years, these investments aim at improving the Group's efficiency and capability to meet future demand for its products.

ROU mainly refers to warehouses and offices rentals agreements in Italy, Germany, France, Sweden, UK, Poland and Slovakia. The increase of the year is due to both new rental agreements as well as to the renewal of certain contracts already in place.

As detailed in the Note 21 regarding Memorandum Accounts, certain fixed assets are subject to mortgages and other ties in favour of lender.

Notes to the Consolidated Financial Statements

(3) Investments Accounted for using Equity Method

The Group holds an investment in Eurotillers S.r.o., consisting in 49% of the share capital, established with an industrial partner, originally aimed at the production of tillers and currently consisting of a building rented for warehousing activities, based in Poprad – Slovakia. The investment is valued in these Consolidated Financial Statements using the Equity method which led to accounting for a provision amounting to EUR 1.2 million to cover losses incurred in the past. The provision has been accounted for in deduction of the financial loan towards Eurotillers S.r.o. (see Note 4).

(4) Financial Long-Term Assets

The item amounting to EUR 43.5 million includes:

- For EUR 39.8 million: the loan to the parent company STIGA S.A. (EUR 37.0 million in the previous period) regulated by an intercompany agreement signed on 30 August 2017;
- For EUR 1.5 million: the loan to Eurotillers S.r.o.. As mentioned in Note 3, the carrying value of the loan is considered recoverable in view of the fact that the investment in such entity is valued at Equity, taking into consideration the current market value of assets and liabilities, including such a loan. In order to determine the net recoverable value of the loan, in addition to the book value of Equity, the carrying value of the building owned by the Group was also considered.
- For EUR 2.1 million: the loans at market conditions to certain Board members of STIGA S.A. in connection with a Management Incentive Plan (MIP) approved in April 2021.

(5) Other Long-Term Assets

The item includes mainly security deposits.

Notes to the Consolidated Financial Statements

(6) Deferred Tax Assets and Long-Term Tax Receivables

This caption includes Deferred Tax Assets for EUR 32.8 million. We report below the details of the movements during the year:

EUR 000's	Taxed Provisions	Tax Losses	Interest Costs Non Deductible	Hedging Instruments	Total
Balance at 1 January 2023	**5,684**	**10,684**	**1,781**	**601**	**18,750**
Credited to the Income Statement	2,465	3,114	10,337		15,916
Charged to the Income Statement		(313)	(1,236)		(1,549)
Credited (Charged) to Equity				(94)	(94)
Movements in Long-Term Tax Receivables / Other	(195)				(195)
Balance at 31 December 2023	**7,954**	**13,484**	**10,882**	**507**	**32,828**

EUR 000's	Taxed Provisions	Tax Losses	Interest Costs Non Deductible	Hedging Instruments	Total
Balance at 1 January 2022	**3,791**	**11,109**	**3,821**	**(680)**	**18,041**
Credited to the Income Statement	1,704				1,704
Charged to the Income Statement		(425)	(2,040)		(2,465)
Credited (Charged) to Equity				1,281	1,281
Movements in Long-Term Tax Receivables / Other	189				189
Balance at 31 December 2022	**5,684**	**10,684**	**1,781**	**601**	**18,750**

Deferred Tax Assets on Taxed Provisions for EUR 8.0 million mainly referred to temporary differences between the tax base of a liability or provision and the carrying values in the Consolidated Financial Statements.

Deferred Tax Assets on tax losses and interest expenses carried forward were used in 2023 for EUR 1.5 million. As of 31 December 2023 further Deferred Tax Assets on tax losses (EUR 3.1 million) and on interest expenses (EUR 10.3 million) were recognised in the Consolidated Statement of Financial Position with reference to Italy. The total unused tax assets for which no deferred tax assets have been recognised in the Consolidated Statement of Financial Position amount to EUR 48.7 million, of which EUR 40 million related to STIGA C S.à.r.l tax losses and EUR 8.7 million related to STIGA S.p.A interest expenses.

Deferred Tax Assets on hedging instruments decreased by EUR 0.1 million, leading to a year-end balance of EUR 0.5 million; the value refers to the fiscal impact on the fair value of exchange rate hedging contracts classified as cash flow hedges.

Notes to the Consolidated Financial Statements

(7) Inventories

The following table shows details of Inventory by category as of 31 December 2023 compared to the previous financial period figures.

EUR 000's	31 Dec 2023	31 Dec 2022
Raw Materials and Components		
Gross Value	46,580	57,938
Obsolescence Reserve	(4,171)	(3,653)
Net Value	42,409	54,285
Work in Progress		
Gross Value	14,649	16,581
Obsolescence Reserve	(1,015)	(752)
Net Value	13,634	15,829
Finished Goods and Spare Parts		
Gross Value	91,506	110,188
Obsolescence Reserve	(6,791)	(5,749)
Net Value	84,715	104,439
Total Net Inventories	**140,758**	**174,552**

Stocks of raw materials and components refer to the production units, in particular Italy for EUR 23.5 million, Slovakia for EUR 12.4 million and China for EUR 3.8 million. Work in Progress is mainly located in Italy (EUR 12.1 million) while finished goods are stored partly in the three production facilities (EUR 32.7 million) and partly in the other commercial subsidiaries (EUR 42.2 million).

Spare parts (EUR 9.8 million) are mainly located in the Belgian warehouse of STIGA S.p.A.
Total Net Inventories decrease by EUR 33.8 million reflects the partial normalisation of stock levels following the supply chain constraints encountered in the previous year.

Obsolescence Reserve amounting to EUR 12.0 million (EUR 10.2 million in the previous period) is recorded mainly in Italy (EUR 6.2 million), Slovakia (EUR 3.0 million), UK (EUR 0.9 million), Germany (EUR 0.7 million), France (EUR 0.6 million), Sweden (EUR 0.3 million) and China (EUR 0.2 million). The total amount of the reserve as of December 31, 2023 is considered adequate to cover known and possible future losses in inventory.

The Obsolescence Reserve movements during 2023 fiscal year is as follows, registering an exceptionally high level of provision:

EUR 000's	31 Dec 2022	Provision	Use and release	Translation difference	31 Dec 2023
Obsolescence Reserve	(10,154)	(8,410)	6,560	26	(11,978)

The Obsolescence Provision Reserve movement during the previous fiscal year has been as follows:

EUR 000's	31 Dec 2021	Provision	Use and release	Translation difference	31 Dec 2022
Obsolescence Reserve	(5,871)	(5,586)	1,223	79	(10,154)

Notes to the Consolidated Financial Statements

(8) Trade Receivables

EUR 000's	31 Dec 2023	31 Dec 2022
Trade Receivables due from Third Parties	70,664	107,378
Allowance for Doubtful Accounts	(3,374)	(2,425)
Total Trade Receivables	**67,290**	**104,953**

All Trade Receivables are due within one year. They refer mainly to Italy (EUR 38.4 million), UK (EUR 13.0 million), Poland (EUR 4.0 million), France (EUR 2.0 million), Sweden (EUR 2.0 million), Germany (EUR 1.6 million), Netherlands (EUR 1.3 million) and Finland (EUR 1.2 million). Additionally, the Slovakian subsidiary shows EUR 1.6 million as Trade Receivables, composed by credit towards suppliers.

The decrease in Trade Receivables amounts to EUR 37.7 million and is driven by lower Sales compared to 2022 as well as a decrease in the overdue balance (EUR 11.4 million as of 31 December 2023 versus EUR 19.2 million in the previous period), with an important reduction mainly in the range longer than 90 days.

The Allowance for Doubtful Accounts relates mainly to France (EUR 0.9 million), Poland (EUR 0.5 million), Italy (EUR 0.4 million), UK (EUR 0.4 million), Sweden (EUR 0.3 million) and Denmark (EUR 0.2 million) and it is considered adequate to cover known and expected losses on Receivables.

The Allowance for Doubtful Accounts movement during the 2023 fiscal year is as follows:

EUR 000's	31 Dec 2022	Provision	Use and release	Translation difference	31 Dec 2023
Allowances for Doubtful Accounts	(2,425)	(1,679)	764	(34)	(3,374)

The Allowance for Doubtful Accounts movement during the previous fiscal year has been as follows:

EUR 000's	31 Dec 2021	Provision	Use and release	Translation difference	31 Dec 2022
Allowances for Doubtful Accounts	(1,799)	(1,134)	488	21	(2,425)

Notes to the Consolidated Financial Statements

(9) Financial Short-Term Assets

This caption amounting to EUR 0.4 million, includes Financial Assets due within twelve months:

EUR 000's	31 Dec 2023	31 Dec 2022
Life Insurance	-	3,116
Other Financial Assets	425	433
Financial Receivables	-	272
Hedging Instruments - IRS	-	3,538
Total Financial Short-Term Assets	**425**	**7,359**

Other Financial Assets are mainly composed by a cash fund owned by STIGA AB set aside for training opportunities for the Group's employees (EUR 0.3 million).

Life Insurance refers to a policy contract subscribed in past years with Credit Agricole Vita in order to invest the excess of liquidity. During 2023 the policy was fully released.

The item Hedging Instruments - IRS referred to the fair value of four Interest Rate Swap contracts for a notional amount of EUR 180 million, undertaken to hedge the Group financial indebtedness; the Interest Rate Swaps contracts expired in November 2023 and therefore the balance at year end is null.

(10) Other Short-Term Assets

EUR 000's	31 Dec 2023	31 Dec 2022
Hedging Instruments	259	770
Claims for VAT	4,247	4,905
Other Tax Receivables	5,252	5,101
Short-Term Accruals and Prepayment	1,734	1,471
Other Debtors	213	431
Total Other Short-Term Assets	**11,705**	**12,680**

All Short-Term Assets are due within one year. The claims for VAT refer mainly to China (EUR 1.7 million), Slovakia (EUR 1.5 million) and Italy (EUR 0.8 million). Other Tax Receivables include advanced payments (EUR 2.3 million) and R&D tax credit in Italy (EUR 3.0 million). The item Hedging Instruments includes the fair value of exchange rate hedging contracts classified as cash flow hedges (see Note 33 for further details).

(11) Cash and Cash Equivalents

EUR 000's	31 Dec 2023	31 Dec 2022
Bank Accounts	41,443	43,471
Cash and Cash Equivalents	337	242
Total Cash and Cash Equivalents	**41,780**	**43,713**

Some bank accounts have been pledged as collateral in connection with the Amendment and Restatement Agreement and the Receivable Financing facilities; additional details are provided in Note 21.

Notes to the Consolidated Financial Statements

(12) Equity

Share capital and Share Premium Reserve

As of 31 December 2023 the total share capital of STIGA C S.à r.l. is equal to EUR 18,883,900 represented by 755,356 ordinary shares, fully paid, with a nominal value of EUR 25 each.

Cumulative Translation Reserve

This reserve includes all the exchange rate differences that arise from the translation into Euro of foreign-currency denominated Financial Statements of subsidiaries outside the Euro area.

Actuarial Gain or Losses

This reserve relates to the accounting of actuarial gains and losses from pension plans evaluation recognised directly in equity, net of the relevant deferred tax effect, according to IAS19.

Hedging Reserve

The reserve includes the gains or the losses on the fair value of the cash flow hedging instruments that meet the conditions for hedge accounting according to IFRS 9. EUR -1.6 million balance relates to negative fair value of forward contracts on currency exchange rates existing as of 31 December 2023.

Capital Contribution

The reserve includes the future contribution from the parent company STIGA S.A. for the Non-Executive Directors Incentive Plan (NEDIP) recognised to two identified Non-Executive Directors (NEDs) of STIGA C Board of Managers. Following the partial release of the reserve in 2022, on the basis of the revised 2027 Business Plan, the reserve has been fully accrued in 2023. This reflects the fair value of the Incentive Plan as of 31 December 2023, adjusted on a time-based provision included in the NEDIP (see Note 25 for further details).

Non-Controlling Interests

The amount refers to the equity pertaining to the partner in the Austrian joint venture that owns 49% of STIGA Gmbh (Austria).

Notes to the Consolidated Financial Statements

(13) Bank Borrowings

EUR 000's	Within One Year	Between One and Five Years	31 Dec 2023	31 Dec 2022
Term Loan B1	-	140,417	140,417	140,417
Term Loan B	24,583	-	24,583	39,583
Accrued interest on Term Loans B and B1	1,346	-	1,346	1,193
Borrowing costs on Term Loan B1	(309)	(361)	(670)	(904)
Subsidised Financing	1,741	-	1,741	3,755
Securitisation	23,269	-	23,269	36,235
Total Bank Borrowings	**50,630**	**140,056**	**190,687**	**220,279**

The current financial structure of the Group is composed by Term Loan B1, amounting to EUR 140.4 million and having a maturity date of February 2026, and Term Loan B, amounting to EUR 24.6 million and due in August 2024.
In December 2023 STIGA C made a partial voluntary prepayment of Term Loan B for EUR 15 million.

Interest on the Loans is calculated at a variable rate (Euribor 6 months, with zero floor, plus a spread of 475 basis points on the Term Loan B1 and 425 basis points on the Term Loan B) and is paid bi-annually in May and November. The accrued interest at year end amounts to EUR 1.3 million (EUR 1.2 million in the previous period, reported under Other Financial Short-Term Liabilities in the 2022 Consolidated Financial Statements and, for comparative purposes, now reclassified under Short-Term Bank Borrowings).

As part of the finalisation of the 2022 Amendment and Restatement Agreement, the Group incurred in legal costs and upfront fees, which was treated according to the amortised cost method on the basis of effective interest rate; the outstanding amount as of 31 December 2023 is EUR -0.7 million.

The Subsidised Financing refers to loans obtained from the Italian company STIGA S.p.A. in relation to the project called "STIGA DIGITAL – Development of digital innovations for products and process management systems in the field of garden machines" approved in January 2019 by the Italian Ministry of Economic Development for a total cost of EUR 10.9 million, against which subsidised and bank loans for a total of EUR 7.4 million and non-repayable grant for a total of EUR 2.2 million were obtained. The current aggregated outstanding loan balance is EUR 1.7 million.

Furthermore, in October 2021 STIGA S.p.A. entered into a Securitisation Agreement over its receivables for an amount up to EUR 60 million. The facility entails a recurring drawdown based on the assigned receivables, leading to an outstanding borrowing at year end of EUR 23.3 million (EUR 36.2 million in 2022).

Financial Covenants

The Senior Facilities Agreement foresees no maintenance financial covenants, with the exception of a leverage ratio only in case of RCF usage.

Guarantees

The Term Loans above mentioned have been secured by pledges on shares, pledges on bank accounts, liens and other instruments. These are fully described in the Appendix 1 to these Notes.

Notes to the Consolidated Financial Statements

(14) Other Financial Long-Term Liabilities

EUR 000's	Between One and Five years	31 Dec 2023	31 Dec 2022
Other Financial Liabilities Long-Term	4,033	4,033	3,283
Total Other Financial Long-Term Liabilities	**4,033**	**4,033**	**3,283**

Other Financial Liabilities mainly include the debt due after more than 12 months related to the leases accounted for according to IFRS 16.

(15) Provision for Pension and Similar Obligations

Provisions for pension and similar obligations amount to EUR 1.9 million and include:

- The employees leaving indemnity as required under Italian law (so called "Trattamento di Fine Rapporto", here in after "TFR") totals EUR 1.6 million. The reserve comprises liability for severance indemnities that the Italian company accrued for employees up to 2007, as requested by Italian labour legislation. This provision is settled at the time employees retire or otherwise leave the company or may also be partially paid in advance if certain conditions are met. This is considered to be a defined benefit post-employment plan;
- The defined benefit pension fund regarding STIGA Sas (France) totals EUR 0.1 million;
- The defined benefit pension fund regarding STIGA GmbH (Austria) totals EUR 0.2 million;
- The remaining portion of the pension fund PRI (Pension Registration Institute) accrued by Sweden totals EUR 0.1 million after the repayment of most of the obligation made in May 2019, as decided by the Board of Managers of STIGA C on December 18, 2018;
- The defined benefit pension fund regarding STIGA AS (Norway) totals EUR 0.0 million.

Movements in the present value of post-employment obligations are as follows:

EUR 000's	Current Year	Prior Year
Defined Benefit Obligation - Opening Balance	2,060	2,347
Service Cost	-	-
Interest Cost	59	17
Benefits Paid	(206)	(144)
Translation Differences	3	(8)
Expected Defined Obligation - Closing Balance	1,916	2,212
Actuarial (Gains) Losses	5	(152)
Defined Benefit Obligation - Closing Balance	**1,920**	**2,060**

Notes to the Consolidated Financial Statements

The main defined benefit plan in place as of 31 December 2023 is the Italian TFR. The actuarial calculation assumptions for the determination of such defined benefit plan are detailed in the following table:

Economic and Specific Assumptions	31 Dec 2023	31 Dec 2022
Discount Rate	2.95%	3.57%
Future Salary Increase	3.00%	3.23%
Inflation Rate	2.00%	2.30%
Advances Frequency	3.00%	3.00%
Turnover Frequency	7.00%	7.00%

Demographic Technical Base Summary	
Mortality	Mortality table RG48 published by the Italian General Accounting Office
Inability	INPS (Italian Social Security Institute) tables divided for age and sex
Retirement	100% when the Italian law requirements are met

The iBoxx Eurozone Corporates AA index with duration 5-7 years at the calculation date was used as the benchmark for the discount rate. This time frame relates to the average remaining period of service at the company of the employees, weighted with the expected payments. The annual frequencies of anticipation and turnover are derived from the historical experiences of the Italian company and from the frequencies arising from the experience of the actuary on a significant number of similar companies.

Below is a sensitivity analysis related to pension plans with defined benefits on the basis of the changes in the key assumptions, indicating a low variability of the amount of the liability recognised in the Consolidated Financial Statements (EUR 1.6 million):

31 Dec 2023	EUR 000's
Turnover Rate +1%	1,612
Turnover Rate -1%	1,607
Inflation Rate +0,25%	1,625
Inflation Rate -0,25%	1,594
Actual discount rate +0,25%	1,586
Actual discount rate -0,25%	1,634

The sensitivity analysis above was carried out on the basis of changes in individual assumptions while retaining the others unchanged, although in practice any change in an assumption generally can also be reflected in the other as a result of potential correlations. The sensitivity above was calculated using the same method (projected unit credit method) used to define the valuation of the liability recognised in the Statement of Financial Position. The following are the future disbursements forecasts used for the estimation of the liabilities in the Consolidated Financial Statements: Year 1: EUR 192 thousands; Year 2: EUR 167 thousands; Year 3: EUR 169 thousands; Year 4: EUR 133 thousands; Year 5: EUR 185 thousands.

(16) Other Long-Term Provisions

The item Other Long-Term Provisions, amounting to EUR 4.5 million, is composed as follows:

EUR 000's	Warranty	Other	Total
Balance as of 1 January 2023	**4,620**	**432**	**5,052**
Cost Accrued	4,802		4,802
Use/Release	(5,319)	(53)	(5,372)
Translation Differences	37	1	38
Balance as of 31 December 2023	**4,141**	**380**	**4,521**

We report the same detail for the previous period:

EUR 000's	Warranty	Other	Total
Balance as of 1 January 2022	**5,202**	**398**	**5,600**
Cost Accrued	4,405	73	4,478
Use/Release	(4,890)	(37)	(4,926)
Translation Differences	(97)	(2)	(99)
Balance as of 31 December 2022	**4,620**	**432**	**5,052**

The Warranty Provision refers to mandatory duties according to local laws and mainly results from accruals created in Germany (EUR 0.9 million), the UK (EUR 0.9 million), Italy (EUR 0.6 million), Poland (EUR 0.5 million) and Netherlands (EUR 0.2 million) in order to cover possible future costs related to products defects. The provision is calculated on the basis of historical incurred claim rates.

The other items of the caption include mainly the provision for agents' leaving indemnities for EUR 0.3 million, regarding termination indemnities related to sales agents' activities in Italy.

Notes to the Consolidated Financial Statements

(17) Deferred Tax and Long-Term Tax Liabilities

Deferred Tax Liabilities comprise the expected tax burden in future financial years arising from temporary differences between the tax and the book base of assets and liabilities.

As detailed below, Deferred Tax Liabilities refer for EUR 1.0 million to the fiscal impact of accelerated depreciation charges on fixed assets calculated in accordance with local laws in Slovakia and Italy and for EUR 0.2 million to other temporary differences between tax and book values; Swedish untaxed reserve was credited to the Income Statement in 2023, with the reserve being fully expensed during the year.

EUR 000's	Accelerated Tax Depreciation	Swedish Untaxed Reserves	Other	Total
Balance as of 1 January 2023	**959**	**174**	**271**	**1,404**
Credited to the Income Statement	-	(174)	(48)	(222)
Charged to the Income Statement	10	-	-	10
Credited (Charged) to Equity	-	-	(2)	(2)
Balance as of 31 December 2023	**969**	**0**	**221**	**1,190**

We report the same detail for the previous period:

EUR 000's	Accelerated Tax Depreciation	Swedish Untaxed Reserves	Other	Total
Balance as of 1 January 2022	**1,263**	**174**	**261**	**1,698**
Credited to the Income Statement	(304)	-	(34)	(338)
Credited (Charged) to Equity	-	-	44	44
Balance as of 31 December 2022	**959**	**174**	**271**	**1,404**

Notes to the Consolidated Financial Statements

(18) Trade Payables

Trade Payables, amounting to EUR 90.0 million, represent amounts due for purchases of goods and services used in the ordinary course of business, including raw materials, components, spare parts, packaging materials, power and other services. The balance shown is net of any rebates, bonuses or other adjustments due from creditors at year-end.

EUR 000's	31 Dec 2023	31 Dec 2022
Trade Payables	90,008	130,281

All Trade Payables are due within one year. The overdue balance amounts to EUR 6.4 million (EUR 12.1 million in the previous period), of which EUR 5.5 million was overdue for 0-30 days (EUR 9.6 million in the previous period), EUR 0.2 million was overdue for 30-60 days (EUR 2.1 million in the previous period), EUR 0.1 million was overdue for 60-90 days (EUR 0.1 million in the previous period) and EUR 0.7 million was overdue for more than 90 days (EUR 0.4 million in the previous period).

(19) Other Financial Short-Term Liabilities

This caption, amounting to EUR 3.1 million (EUR 3.3 million in the previous period), includes the debt due within 12 months related to leases accounted for according to IFRS 16.

(20) Other Short-Term Liabilities

EUR 000's	31 Dec 2023	31 Dec 2022
Current Tax Payables	5,454	7,973
Short-Term Provisions	1,642	1,307
Employees and Social Security Institutions	10,579	9,945
Accruals for Bonuses to Employees	1,570	3,318
Hedging Instruments	2,933	3,274
Other Accrued Expenses and Deferred Incomes	612	1,037
Total Other Payables	**22,790**	**26,855**

Current Tax Payables include obligations related to VAT, income taxes and indirect taxes. Short-Term Provisions include:

- EUR 0.9 million of future liabilities in relation to possible litigations with employees (EUR 0.7 million in the previous period);
- EUR 0.7 million for other provisions for risks and charges (EUR 0.6 million in the previous period);

Debts towards employees and social security institutions, totalling EUR 10.6 million, include amounts payable for salaries and wages and related social security debt. Bonuses to employees have been determined based on the Group compensation policy.
Hedging Instruments mainly include the fair value of exchange rate hedging contracts classified as cash flow hedges (see Note 33 for further details).

Notes to the Consolidated Financial Statements

(21) Memorandum Accounts: Guarantees Granted, Commitments and Contingent Liabilities

In connection with the Amendment & Restatement Agreement, a number of guarantees have been confirmed in favour of GLAS Trust Corporation Limited which acts as agent of the Lenders. In particular, the following securities are granted:

- Pledge on all present and future rights, titles, interests and benefits regarding the shares representing 100% of the share capital of STIGA S.p.A., STIGA AB, STIGA Slovakia s.r.o, STIGA Ltd, STIGA Sas and STIGA GmbH (Germany);
- Pledge over all present and future rights, titles and interests against the bank accounts of STIGA C, STIGA S.p.A., STIGA Ltd and STIGA GmbH (Germany);
- Pledge on all present and future rights, titles, interests and benefits regarding the intellectual property rights of STIGA S.p.A. STIGA AB and STIGA Ltd;
- Pledge over Movable and Immovable Assets of STIGA S.p.A., STIGA Slovakia s.r.o and STIGA AB;
- Pledge over the rights and benefits regarding certain insurance contracts of STIGA S.p.A and STIGA Ltd.

Details of all guarantees granted by the Group as a consequence of the acquisition financing are provided in the Appendix 1 to these Notes.

Additionally, the existing Receivable Financing Agreements require the following securities:

- Pledge over the collection bank accounts of STIGA S.p.A.;
- Pledge over the collection bank account of STIGA Gmbh (Germany);
- Fixed charge over the assigned Receivables of STIGA Ltd.

Moreover, to guarantee the obligations of STIGA S.p.A., insurance companies issued guarantees in favour of the Customs Agency for a total of EUR 3.4 million.

It should be further noted that, following the significant decrease in sales occurred in 2023, certain commitments taken in previous years with a number of electronic and electric components suppliers were not converted into purchases within year end (EUR 18.9 million at December 2023). According to current plans this amount will be purchased during 2024.

The Group also has outstanding derivative contracts for which details are provided in Note 33.

Notes to the Consolidated Financial Statements

(22) Revenues

Details of the caption are presented below:

EUR 000's	2023	2022
Gross Sales	469,524	660,137
Customer Bonuses and other Trade Discounts	(16,093)	(20,029)
Selling Commissions	(1,684)	(2,313)
Exchange Rates Differences	(724)	(822)
Total Revenue	**451,023**	**636,973**

The following table provides an analysis of the Group's sales by geographical area:

EUR 000's	2023	2022
Europe - Euro Zone	286,949	411,282
Europe - No Euro Zone	92,251	119,654
Rest of the World	71,823	106,038
Total Revenue	**451,023**	**636,973**

(23) Cost of Sales

This caption is composed as follows:

EUR 000's	2023	2022
Components and Traded Products	251,061	373,429
Outsourced Production Costs	5,433	7,066
Transportation Costs	16,560	50,579
Direct and Indirect Payroll Costs	28,198	36,043
Industrial Depreciation Charges	8,053	8,659
Industrial Overheads Expenses	6,619	9,859
Exchange Gain/Loss on Purchases	3,968	(15,624)
Total	**319,893**	**470,010**

Decrease of components and traded products costs are mainly driven by lower sales, normalisation of the inflationary pressure, as well as the cost savings activity continuously performed by the Group. Decrease of transportation costs are due to the combined effect of lower sales and lower prices of containers from overseas compared to the previous year.

Notes to the Consolidated Financial Statements

(24) Distribution Costs

Details about the nature of Distribution Costs are presented below:

EUR 000's	2023	2022
Freight Out	21,419	29,568
Other Distribution Costs	10,507	11,177
Distribution Labour Costs	3,670	3,695
Logistic Depreciation	2,672	2,659
Total	**38,269**	**47,099**

Distribution Costs decreased compared to the previous period mainly due to a decrease in sales volumes, partly compensated for by the higher incidence of fixed warehousing costs.

(25) Operating Expenses

Details about the nature of Operating Expenses are presented in the table opposite.
The increase is mainly driven by the NEDIP provision accrual by EUR 1.7 million (versus a EUR 2.2 million release in 2022), reflecting the fair value of the Incentive Plan as of 31 December 2023, as a consequence of the Group consolidated expected future cash flows calculated on the basis of the Business Plan 2027, and adjusted according to a time-based provision foreseen in the NEDIP itself. The labour cost increase of EUR 0.4 million is mainly due to lower R&D labour capitalisation as a consequence of lower capital investment and exceptional redundancy costs related to the Group restructuring plan.

EUR 000's	2023	2022
Labour Costs	34,756	34,309
Other Marketing and Selling costs	22,211	23,649
BOD and Statutory Audit	512	516
Management Incentive Plan	1,744	(2,221)
Operating Depreciation	4,201	4,270
Amortisation and Write-Down	10,242	10,592
Other General and Administration Costs	8,506	10,226
Total	**82,172**	**81,340**

Other General and Administration Costs mainly include administrative consultancies and legal expenses, ICT maintenance, insurance and other administrative expenses. Other Marketing and Selling Costs mainly include the investment in promotion and advertising for the new products.

With regard to the audit fees and the other fees pertaining to the network of the auditor firm, details are presented below:

EUR 000's	2023	2022
Audit Fees	521	508
Audit-related Fees	7	8
Total	**528**	**516**

For further information, as required by Luxembourg compliance regulations, please refer to the Consolidated Financial Statements of parent company STIGA S.A.

Notes to the Consolidated Financial Statements

(26) Other Operating Income

This caption in composed as follows:

EUR 000's	2023	2022
Rental Income	1,715	1,120
R&D Grants on Innovative New Products	768	1,445
Non-Repayable Contribution	221	290
Energy Contribution	150	238
China Government Subsidies	93	417
Sickness Fund Refund	-	51
Contribution on New Assets	134	-
Marketing Contribution	29	-
Insurance Income	60	-
Gains on Assets Disposal	11	819
Contingent Assets	488	446
Other Operating Income	219	519
Total	**3,888**	**5,345**

Rental Income refers to the premises rented by Italy (EUR 1.1 million) and Sweden (EUR 0.6 million). R&D Grants on Innovative New Products is EUR 0.8 million, of which EUR 0.3 million refers to 2022.

Non-Repayable Contribution represents the portion pertaining to the fiscal year 2023 of the total amount granted to STIGA S.p.A. for EUR 2.2 million.

Contingent Assets mainly include the cancellation of certain liabilities of the Italian subsidiary, following the expiry of the 10-year limitation period.

(27) Other Operating Expenses

EUR 000's	2023	2022
Bad Debt Provision	1,234	955
Warranty Provision	4,694	4,434
Losses on Assets Disposal	10	215
Contingent Liabilities	48	212
Other Operating Expenses	204	288
Total	**6,190**	**6,105**

(28) Payroll

The average number of employees expressed as Full Time Equivalent (FTE) during the fiscal year is the following:

Average Number of Employees	2023	2022
Italy	586	684
Slovakia	259	421
China	234	346
Germany	43	45
UK	45	43
Other	172	175
Total	**1,340**	**1,714**

Notes to the Consolidated Financial Statements

The detail of payroll costs is the following:

EUR 000's	2023	2022
Salaries	52,199	60,608
Pension and Social Security Costs	12,114	12,515
Other Personnel Costs	2,311	923
Total	**66,624**	**74,046**

(29) Financial Income and Expenses

EUR 000's	2023	2022
Interest Income	2,629	2,492
Positive Diff. in Fair Value of Derivative Fin. Instr.	220	3,106
Financial Receivables Release	118	-
Other Interest Income	990	463
Total Financial Income	**3,957**	**6,061**

Interest Income includes the interest income on financial loan granted to the parent company STIGA S.A. for EUR 2.4 million.

The item Other Interest Income mainly refers to the interest income realized from the temporary investment of excess liquidity into short-term time deposits and the interest charged to customers for late payment.

Positive Difference in Fair Value of Derivatives Financial Instruments is commented together with the Financial Expenses.

EUR 000's	2023	2022
Interest on Long-Term Debt	(14,424)	(8,368)
Net Exchange Rate Losses	(2,631)	(315)
Interest on Short-Term Facilities	(1,714)	(1,232)
Commitment Fees	(675)	(415)
Loan Fees Amortisation	(377)	(2,736)
Financial Receivables Write-Off	-	(66)
Bank and Other Charges	(283)	(322)
Other Financial Expenses	(1,036)	(1,058)
Total Financial Expenses	**(21,140)**	**(14,512)**
Total Net Financial Expenses	**(17,183)**	**(8,451)**

Interest on Long-Term Debt refers to interest charges on the Term Loan B and Term Loan B1 as foreseen in the Amendment & Restatement Agreement signed on 26 July 2022; the increase of EUR 6.0 million compared to 2022 is mainly driven by the Euribor rate increase in the range of 3% in 2023, while null in the previous year.

The negative impact was mitigated for EUR 3.7 million by the Interest Rate Swap contracts that were in place up through November 2023; however, following the breakage of the founding economic relationship between the hedged item and the hedging instrument that occurred in 2019, the fluctuations in the fair value of such contracts were booked directly through profit and loss (EUR +3.5 million in 2022 and reversed in 2023), leading to a positive differential in fair value of derivative financial instruments of EUR 0.2 million.

Notes to the Consolidated Financial Statements

Net Exchange Rate Losses amounting to EUR -2.6 million in 2023 mainly refer to the negative fair value of some exchange rate hedging contracts in CNH and USD classified as overhedge as a consequence of actual purchasing volumes being lower than forecast. The item also includes exchange rate differences deriving from intercompany loans among Group companies when they are not denominated in the same functional currency used by the borrower or the lender.

Interests on Short-Term Facilities are related to the securitisation programme which entails a recurring facility drawdown and utilisation in spring 2023, during the peak of trade working capital absorption, of two further short-term receivable financing facilities covering the receivables of the UK and Germany.

Commitment Fees refer to the non-utilisation costs of the RCF.

Loan Fees Amortisation includes the amount charged to the consolidated income statement regarding borrowing costs of the Term Loan B1 (upfront fees and consultancy expenses) accounted for using the amortised cost method and borrowing costs of the RCF amortised on a straight-line method.

Other Financial Expenses mainly refer to the interest component deriving from the application of IFRS 16, rating agencies costs and factoring fees related to the short-term receivable financing facilities.

(30) Income Taxes

Income taxes on profits include current tax expenditure for EUR 3.9 million and net deferred tax effect credited to the Consolidated Income Statement for EUR 14.6 million. Details about Income Taxes are presented in the table opposite.

EUR 000's	2023	2022
Current Taxes	(3,860)	(6,132)
Net Deferred Tax Liabilities and Assets charged to P&L	14,599	(423)
Total Income Taxes	**10,739**	**(6,555)**

The current tax expenditure is generated mainly in Italy, China, Sweden, Germany and Slovakia; the local income tax rates applied vary between 19% and 29%. The following table shows the reconciliation of the theoretical tax charge with the effective tax charge:

EUR 000's	2023	2022
Profit Before Taxes	**(8,795)**	**29,313**
Theoretical Taxes (24%)	2,111	(7,035)
Deferred Tax Assets on Unused Tax Losses and on Non-Deductible Interest	12,050	(2,464)
Non-Deductible Expenses	(4,982)	(2,307)
Non-Taxable Income	5,550	2,799
Other (*)	(3,989)	2,452
Total Income Taxes	**10,739**	**(6,555)**

(*) Mostly refers to the net tax effect of permanent differences, of different tax rates applied abroad related to the theoretical ones applied in Italy (the country where the Group mainly operates) and of adjustments on prior years' taxes.

Notes to the Consolidated Financial Statements

(31) Related Parties Transactions

Related Party Transactions within STIGA Group entities relate to commercial or financial transactions and are carried out regularly on an arm's length basis. These transactions are eliminated upon consolidation. As disclosed in Note 4, the Group granted:

- to the parent company STIGA S.A. a loan amounting to EUR 39.8 million at the end of the fiscal year; the interest accrued during the financial year ended on 31 December 2023 on such intercompany loan amounted to EUR 2.4 million.
- to the associate Eurotillers S.r.o. a loan amounting to EUR 1.5 million.
- to certain Board members of STIGA S.A. loans at market conditions amounting in total to EUR 2.1 million at the end of the 2023 fiscal year, as a consequence of the approved Management Incentive Plan (MIP) in April 2021.

(32) Directors, Statutory Auditors and External Auditors Remunerations

Compensations paid from the Group during the financial year ended 31 December 2023 to members of the Board of Managers amounted to EUR 435 thousand; fees paid to the Italian Statutory Auditors Board (so called "Collegio Sindacale") amounted to EUR 77 thousand and total independent external auditors' fees were EUR 521 thousand.

(33) Information on financial risk

The Group is exposed to the following financial risks connected with its operations:

- Credit risk, regarding its normal business relations with customers;
- Liquidity risk, with particular reference to the availability of funds;
- Exchange rate risk, since the Group operates in different currencies and uses derivative financial instruments to manage the relevant risk;
- Interest rate risk, since the Group has a significant variable rate long-term debt;
- Fair value risk regarding the determination of the fair value of the used financial instruments.

As described in the section "Risk Management" of the Consolidated Management Report, STIGA Group constantly monitors the financial risks to which it is exposed, in order to detect those risks in advance and take the necessary actions to mitigate them.

<u>Credit Risk</u>
The Group's Credit Risk is different depending on products and markets. The Group operates in trade channels with a limited number of important dealers with whom there is a continuous and long-term relationship and in other trade channels with a large number of smaller customers.

Notes to the Consolidated Financial Statements

Customers are subject to specific credit assessment and constant monitoring of the outstanding credit position through dedicated personnel, supported by financial information providers, operating within the guidelines defined by the Group Credit Limit procedure.

Debtor accounts are recognised in the Statement of Financial Position net of write-downs accounted for the risk that counterparties may be unable to fulfil their contractual obligations, determined on the basis of available information on creditworthiness of the customer, outstanding credit position and historical data.

There is no particular concentration of Credit Risk on single counterparties.

The Group applies the IFRS 9 simplified approach to measure expected credit losses, which entails applying a lifetime expected loss allowance for all Trade Receivables.

The table opposite shows Trade Receivables, classified on the basis of past due, and their respective allowance for doubtful accounts at the balance sheet date.

Finally, we highlight that cash balances at the year end were held mainly with Intesa Sanpaolo (EUR 19.7 million) having a S&P credit rating of BBB, with Credit Agricole (EUR 11.2 million) having a S&P credit rating of A+ and with Deutsche Bank (EUR 5.0 million) having a S&P credit rating of A.

Trade Receivables	**31 Dec 2023**	**31 Dec 2022**
EUR 000's		
Current	59,238	88,182
Overdue 0-30 days	3,062	5,944
Overdue 30-60 days	491	1,482
Overdue 60-90 days	463	829
Overdue more than 90 days + Legal	7,411	10,941
Provision	(3,374)	(2,425)
Total	**67,290**	**104,953**

Notes to the Consolidated Financial Statements

<u>Liquidity Risk</u>

Liquidity Risk arises if the Group is unable to obtain under ordinary economic conditions the funds needed to carry out its operations. The two main factors that determine the Group's liquidity situation are on one side the funds generated or absorbed by operating and investing activities and on the other side by the maturity of the debt and the conversion to cash of the capital employed.

As mentioned in the "Risk Management" section of the Consolidated Management Report, the Group undertook several actions in order to optimise cash management and to reduce the Liquidity Risk, that can be summarised as follows:

- Centralising the management of main financial flows;
- Obtaining adequate credit facilities;
- Monitoring future liquidity on the basis of cash forecasting, budgeting and business planning;
- Negotiating with the lenders the amendment and extension of the Term Loan and the RCF.

The table opposite reports the Financial Liabilities, Trade Payables and Other Liabilities, analysed by maturity and reported at undiscounted future nominal values, determined by reference to the contractual timing of the Consolidated Financial Statement date.

EUR 000's	At 31 Dec 2023	< 1 year	1 - 5 years	> 5 years
Trade Payables	90,008	90,008	-	-
Finance Lease Liabilities	7,131	3,098	4,033	-
Bank Borrowings - Capital Portion	*191,357*	*51,249*	*140,108*	-
Amortised Cost Effect	*(670)*	*(309)*	*(361)*	-
Bank Borrowings	190,687	50,940	139,747	-
Other Liabilities	23,410	22,790	620	-
Total	**311,236**	**166,835**	**144,400**	**-**

Notes to the Consolidated Financial Statements

EUR 000's	At 31 Dec 2022	< 1 year	1 - 5 years	> 5 years
Trade Payables	130,281	130,281	-	-
Hedging Instruments	3,274	3,274	-	-
Finance Lease Liabilities	6,589	3,311	3,278	-
Bank Borrowings - Capital Portion	*221,183*	*40,140*	*181,043*	-
Amortised Cost Effect	*(904)*	*(286)*	*(618)*	-
Bank Borrowings	220,279	39,854	180,425	-
Other Liabilities	27,604	26,855	749	-
Total	**388,028**	**203,576**	**184,452**	**-**

Regarding the interest to be paid on bank borrowings, it is common knowledge that in 2023 the European Central Bank raised significantly interest rates across the Eurozone in the attempt to tame inflation.

Assuming the Euribor curve will remain in a range of approximately 4%, it may be estimated at EUR 4.2 million the additional charges on the variable part of the long-term debt, to be added to the spread (4.75% on Term Loan B1 and 4.25% on Term Loan B up to August 2024, i.e. EUR 7.5 million interest charges per year).

From a sensitivity perspective, the yearly impact of a change of 0.5% in the Euribor applied to the existing long-term loans would affect the Income Statement for EUR 0.8 million.

With regard to the short-term indebtedness, assuming an average facilities drawdown as per the current fiscal year, market rates changes in the range of 0.5% would affect the Net Financial Expenses for EUR 0.2 million.

Notes to the Consolidated Financial Statements

<u>Exchange Rate Risk</u>
The Group is exposed to risk resulting from fluctuations in exchange rates, which can affect its result and its equity. In particular, when a Group company incurs costs or revenues in a currency different from the currency in which its accounts are denominated, any change in exchange rates can affect the operating result of such company. In the year 2023 the net exchange rate risk exposure of the Group was as follows:

- EUR/USD, relating to purchases in US Dollars;
- EUR/CNY, relating to purchases in Chinese Renminbi;
- EUR/GBP, relating to sales in GB pounds in the United Kingdom;
- EUR/SEK, relating to sales in SEK made in Sweden;
- EUR/DKK-NOK-PLN-CZK-RUB, relating to sales in other non-EUR markets.

The Group designates the hedged risk of forward contracts as changes in the full forward rate, as allowed by IFRS 9.

As of 31 December 2023 the following hedging contracts put in place during the fiscal year were still outstanding with primary bank counterparties (BNL/BNP Paribas, Intesa San Paolo, Credit Agricole, Deutsche Bank, HSBC, KBC):

- 4 Call Forward contracts for a notional amount of total USD 6.8 million, expiring between January - February 2024; as of 31 December 2023 the fair value of such contracts was negative and amounting to EUR -45 thousand.
- 19 Call Forward contracts for a notional amount of total CNH 244.6 million, expiring between January - March 2024; as of 31 December 2023 the fair value of such contracts was negative and amounting to EUR -1.139 thousand.
- 7 Put Forward contracts for a notional amount of GBP 11.4 million, expiring between January - March 2024; as of 31 December 2023 the fair value of such contract was positive and amounting to EUR 17 thousand.
- 1 Put Forward contract for a notional amount of CZK 14.6 million, expiring in January 2024; as of 31 December 2023 the fair value of such contract was positive and amounting to EUR 8 thousand.
- 1 Put Forward contract for a notional amount of PLN 5 million, expiring in February 2024; as of 31 December 2023 the fair value of such contract was negative and amounting to EUR -52 thousand.
- 8 Forward contracts in USD, CNH and PLN expiring between January – March 2024 for a net notional amount equal to zero due to a netting effect; as of 31 December 2023 the fair value of such contracts was negative and amounting to EUR -25 thousand.
- 8 Forward contracts in USD, CNH and GBP expiring between January – February 2024 for a notional amount of USD 2 million, CNH 55 million and GBP 1 million mapped as over hedge; as of 31 December 2023 the fair value of such contract was negative and amounting to EUR -560 thousand.

According to hedge accounting, the above mentioned fair value has been accounted for in the Consolidated Income Statement for an aggregate total negative value of EUR 1.8 million.

Notes to the Consolidated Financial Statements

According to the Foreign Currency Exchange Risk Hedging Process Operating Procedure, the Group entered into some hedging contracts in order to cover the fiscal year 2024 Exchange Rate Risk. Such contracts are listed below:

- 24 Call Forward contracts for a notional amount of total USD 40 million, expiring between March 2024 - February 2025; as of 31 December 2023 the fair value of these instruments was positive and amounting to EUR 149 thousand.
- 55 Call Forward contracts for a notional amount of total CNH 740 million, expiring between March 2024 - March 2025; as of 31 December 2023 the fair value of these instruments was negative and amounting to EUR -1.424 thousand.
- 16 Put Forward contracts for a notional amount of total GBP 22 million, expiring between April - November 2024; as of 31 December 2023 the fair value of these instruments was positive and amounting to EUR 81 thousand.
- 14 Put Forward contracts for a notional amount of total SEK 90 million, expiring between April – September 2024; as of 31 December 2023 the fair value of these instruments was negative and amounting to EUR -301 thousand.
- 5 Put Forward contracts for a notional amount of total DKK 45 million, expiring between March - July 2024; as of 31 December 2023 the fair value of these instruments was positive and amounting to EUR 1 thousand.
- 12 Put Forward contracts for a notional amount of total CZK 120 million, expiring between March - August 2024; as of 31 December 2023 the fair value of these instruments was positive and amounting to EUR 28 thousand.
- 10 Put Forward contracts for a notional amount of total NOK 50 million, expiring between March - August 2024; as of 31 December 2023 the fair value of these instruments was negative and amounting to EUR -53 thousand.
- 16 Put Forward contracts for a notional amount of total PLN 80 million, expiring between March - September 2024; as of 31 December 2023 the fair value of these instruments was negative and amounting to EUR -594 thousand.

According to hedge accounting, the above fair values have been accounted in the Equity Reserve Cash Flow Hedge for the total amount, net of the deferred fiscal effect.

The following table presents an analysis of sensitivity to a change in exchange rates for the primary currencies the Group is exposed to. With all other variables held constant, the Group's marginality is affected as follows:

Currency Pair	**Increase / Decrease in Percentage Points**		**Effect on Operating Profit EUR million**	
EUR / CNY	3%	-3%	(3,300)	3,504
	5%	-5%	(5,395)	5,963
EUR / USD	3%	-3%	(1,277)	1,356
	5%	-5%	(2,089)	2,308
EUR / GBP	3%	-3%	966	(1,026)
	5%	-5%	1,579	(1,746)
EUR / PLN	3%	-3%	829	(880)
	5%	-5%	1,355	(1,498)

Notes to the Consolidated Financial Statements

Interest Rate Risk

Interest rate risk mainly relates to the long-term loan currently in place, which is set at a variable rate (with a zero floor) plus spread.

The Group had in place four Interest Rate Swap contracts for a total of EUR 180 million that expired in November 2023; the interest rate risk on the financial long-term indebtedness is currently unhedged, with Management closely monitoring the market situation and regularly evaluating hedging opportunities.

Fair Value Risk

In order to determine the Fair Value of financial instruments, the Group utilises valuation techniques which are based on observable market prices (Mark-to-Market Model). These techniques therefore fall within Level 2 of the hierarchy of fair values identified by IFRS 7. In order to select the appropriate valuation techniques to utilise, the Group complies with the following hierarchy:

1. Utilisation of quoted prices in an active market for identical Assets or Liabilities (Comparable Approach);
2. Utilisation of valuation techniques that are primarily based on observable market prices; and
3. Utilisation of valuation techniques that are primarily based on non-observable market prices.

The Group determined the fair value of the derivatives existing on 31 December 2023 through valuation techniques which are commonly used for instruments similar to those traded by the Group. The models applied to value the instruments are based on a calculation obtained from third-party platforms; the input data used in these models are based on observable market prices (forward curves as well as official exchange rates on the date of valuation). The Group maintains policies and procedures with the aim of valuing the fair value of hedging contracts using the best and most relevant data available. The Group portfolio of foreign exchange derivatives includes only forward foreign exchange contracts in USD, CNH, GBP, SEK, CZK, NOK, PLN and DKK.

The following table summarises the outstanding exchange rates hedging contracts of the Group as of 31 December 2023 valued at fair value:

Notes to the Consolidated Financial Statements

Description	Classification	Date	Curr.	Fair Value (ctv EUR/1000)			Total
				Level 1	Level 2	Level 3	
Hedging Contracts on Fx	Trade Receivables	31 Dec 2023	GBP		17		
			CZK		8		
			PLN		(74)		
							(48)
Hedging Contracts on Fx	Other Short Term Assets	31 Dec 2023	USD		149		
			GBP		81		
			CZK		28		
			DKK		1		
							259
Hedging Contracts on Fx	Trade Payables	31 Dec 2023	CNH		(1,140)		
			USD		(47)		
							(1,188)
Hedging Contracts on Fx	Other Short Term Liabilities	31 Dec 2023	CNH		(1,958)		
			PLN		(594)		
			SEK		(301)		
			NOK		(53)		
			USD		(13)		
			GBP		(12)		
							(2,933)
							(3,910)

As of 31 December 2023 the Group did not have any Level 3 fair value measurements.

It should be noted that a Call Option and a Put Option are in place between STIGA S.p.A and Voit G.m.b.H., Minority Shareholder of STIGA GmbH (Austria), for the purchases/sale of the 49% of STIGA GmbH shares. The Call Option may be exercised by STIGA S.p.A. at any time after 1 September 2019 while the Put Option may be exercised by Voit at certain conditions foreseen in the Shareholders Agreement which are under control by STIGA S.p.A. The original cost occurred during financial period 2014 of such instruments were equal to zero and, as of 31 December 2023, the related fair value is not reliably measurable considering the remote probability of exercise and the uncertainty of the infinite period of applicable exercise.

Notes to the Consolidated Financial Statements

In addition to the information on financial risks, the following table set forth an analysis of the Group's Financial Assets and Liabilities by category at 31 December 2023:

EUR 000's	Financial Assets at Fair Value through Profit or Loss	Financial Liabilities at Fair Value through Profit or Loss	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Hedging Derivatives	TOTAL
Cash and Cash Equivalent			41,780			**41,780**
Trade Receivables			67,290			**67,290**
Financial Short-Term Assets	-		425		-	**425**
Other Short-Term Assets			227		259	**486**
Equity Investments	5					**5**
Financial Long-Term Assets			43,497			**43,497**
Other Long-Term Assets			304			**304**
Trade Payables				(90,008)		**(90,008)**
Short-Term Bank Borrowings				(50,940)		**(50,940)**
Other Financial Short-Term Liabilities				(3,098)		**(3,098)**
Other Short-Term Liabilities				(14,114)	(2,933)	**(17,047)**
Bank Borrowings				(139,747)		**(139,747)**
Other Financial Long-Term Liabilities				(4,033)		**(4,033)**
Other Long-Term Liabilities				(620)		**(620)**

Notes to the Consolidated Financial Statements

The same table as of 31 December 2022 was as follows:

EUR 000's	Financial Assets at Fair Value through Profit or Loss	Financial Liabilities at Fair Value through Profit or Loss	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Hedging Derivatives	TOTAL
Cash and Cash Equivalent			43,713			**43,713**
Trade Receivables			104,953			**104,953**
Financial Short-Term Assets	3,116		705		3,538	**7,359**
Other Short-Term Assets			1,223		770	**1,993**
Equity Investments	5					**5**
Financial Long-Term Assets			40,627			**40,627**
Other Long-Term Assets			332			**332**
Trade Payables				(130,281)		**(130,281)**
Short-Term Bank Borrowings				(38,661)		**(38,661)**
Other Financial Short-Term Liabilities				(4,504)		**(4,504)**
Other Short-Term Liabilities				(18,580)	(3,274)	**(21,854)**
Bank Borrowings				(180,425)		**(180,425)**
Other Financial Long-Term Liabilities				(3,283)		**(3,283)**
Other Long-Term Liabilities				(749)		**(749)**

The fair values of Trade and Other Receivables, Cash and Cash Equivalents, Trade and Other Payables, and Other Financial Assets and Liabilities approximate their carrying values. The fair value of Financial Instruments carried at amortised cost is based on expected cash flows discounted at prevailing interest rates for new instruments with similar credit risk and maturity.

Notes to the Consolidated Financial Statements

(34) Capital Management

The Group's objectives in Capital Management are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to achieve this overall objective, the Group monitors mainly the following indicators: EBITDA and leverage ratio.

(35) Subsequent Events

The destocking cycle seen in 2023 is winding down across the entire trade and hence the order intake rate since January is higher than previous year and is continuously growing, +25% year on year. The first data on sell-out show a performance which is better than 2023 and market share gains. These two facts consolidate the management expectations to deliver 2024 sales at a level which is higher than 2023.

The current geopolitical instability is not significantly impacting Group costs given the adequate stock levels and the wide European production base. Management is implementing actions to further reduce fixed costs. Inventory utilisation is also improving.

All in all, expectations on Group profitability for 2024 are positive and the Group currently expects to materially improve upon the 2023 result, particularly with respect to EBITDA and associated margin performance.

Notwithstanding the aforementioned, macroeconomic conditions in Europe still show significant uncertainties and the operating environment remains challenging. Management constantly monitors the situation and is committed to the implementation of the strategic guidelines outlined in the Business Plan.

30 May 2024

For the Board of Directors
The Chief Executive Officer
Sean Robinson

Appendix 1: Security Documents

Security Provider (including Jurisdiction of Incorporation)	Security Document (including Governing Law) under the Senior Facilities Agreement	Amounts in EUR '000
STIGA S.A. (Luxembourg)	Luxembourg law pledge over shares in STIGA C	80
STIGA C S. à r.l. (Luxembourg)	Italian law pledge over shares in STIGA SpA	189,000
	Luxembourg law pledge over bank accounts	13,172
	Luxembourg law pledge over certain intercompany receivables	134,729
STIGA S.p.A. (Italy)	Italian law pledge over bank accounts	21,346
	Italian law pledge over certain IP rights	1,233
	Italian law special lien over movable assets and other goods	79,021
	Italian law loss payee agreement relating to the proceeds under certain insurance policies	0
	Swedish law pledge over shares of STIGA AB (Sweden)	109,985
	Slovakian law pledge over shares of STIGA Slovakia Sro	2,054
	French law pledge over shares of STIGA Sas	591
	Pledge over shares given by STIGA C	see above

Appendix 1: Security Documents

Security Provider (including Jurisdiction of Incorporation)	Security Document (including Governing Law) under the Senior Facilities Agreement	Amounts in EUR '000
STIGA AB (Sweden)	Swedish law pledge over certain intercompany receivables	33,307
	Swedish law pledge over real property mortgage certificates	579
	Swedish law pledge over corporate mortgage certificates	109
	Swedish law pledge over certain intellectual property rights	0
	English law pledge over shares of STIGA Ltd	0
	German law pledge over shares of STIGA GmbH (Germany)	145
	Pledge over shares given by STIGA SpA	see above
STIGA Sas (France)	pledge over shares given by STIGA SpA	see above
STIGA Ltd (UK)	English law supplemental securities over certain assets (including land, investments, plant and machinery, bank accounts, insurance, IP rights)	415
	Pledge over shares given by STIGA AB	see above
STIGA GmbH (Germany)	Security confirmation and pledge agreement over various securities agreement (including bank accounts)	760
	Pledge over shares given by STIGA AB	see above
STIGA Slovakia Sro (Slovakia)	Slovak law pledge over immovable assets	13,572
	Slovak law pledge over movable assets	17,958
	Slovak law pledge over rights and receivables	5,925
	Pledge over shares given by STIGA Spa	see above

Appendix 2: Intangible Assets

The composition and changes during the year 2023 were as follows:

EUR 000's	Balance as of 1 Jan 2023	Increase	Sales/ Disposals	Amortisation and Write-down	Reclassifications	Translation Differences	Balance as of 31 Dec 2023
Development Costs							
Initial Cost	84,061	3,734	(51)		1,255		88,999
Amortisation/Write-down	(63,869)		18	(8,488)			(72,339)
Assets Under Constructions and Payments on Account	1,713	2,408			(1,489)	0	2,632
Net Carrying Amount	**21,905**	**6,142**	**(33)**	**(8,488)**	**(234)**	**0**	**19,292**
Software and Licenses							
Initial Cost	24,529	291	(245)	-	190	(26)	24,739
Amortisation/Write-down	(21,334)	-	245	(1,195)	-	16	(22,268)
Assets Under Constructions and Payments on Account	192	326	-	-	(186)		332
Net Carrying Amount	**3,387**	**617**	**-**	**(1,195)**	**4**	**(10)**	**2,803**
Trademarks and Patents							
Initial Cost	2,815	443	-	-	253	-	3,511
Amortisation/Write-down	(1,802)	-	-	(475)	-	-	(2,277)
Assets Under Constructions and Payments on Account	(1)	-	-	-	-	0	(1)
Net Carrying Amount	**1,012**	**443**	**-**	**(475)**	**253**	**0**	**1,233**
Other							
Initial Cost	604	-	-	-	-	(12)	592
Amortisation/Write-down	(491)	-	-	(83)	-	6	(568)
Assets Under Constructions and Payments on Account	-	-	-	-	-	-	-
Net Carrying Amount	**113**	**-**	**-**	**(83)**	**-**	**(6)**	**24**
TOTAL							
Initial Cost	112,009	4,468	(296)	-	1,698	(38)	117,841
Amortisation/Write-down	(87,496)	-	263	(10,242)	-	22	(97,453)
Assets Under Constructions and Payments on Account	1,904	2,734	-	-	(1,675)	1	2,964
Net Carrying Amount	**26,417**	**7,202**	**(33)**	**(10,242)**	**23**	**(15)**	**23,352**
GOODWILL							
Initial Cost	91,661	-	-	-	-	-	91,661
Amortisation/Write-down	-	-	-	-	-	-	-
Net Carrying Amount	**91,661**	**-**	**-**	**-**	**-**	**-**	**91,661**

Appendix 2: Intangible Assets

The composition and changes during the previous period 2022 were as follows:

EUR 000's	Balance as of 1 Jan 2022	Increase	Sales/ Disposals	Amortisation and Write-down	Reclassifications	Translation Differences	Balance as of 31 Dec 2022
Development Costs							
Initial Cost	75,936	5,922	(32)		2,229	6	84,061
Amortisation/Write-down	(55,084)		14	(8,799)			(63,869)
Assets Under Constructions and Payments on Account	2,226	1,716			(2,229)		1,713
Net Carrying Amount	**23,078**	**7,638**	**(18)**	**(8,799)**	**-**	**6**	**21,905**
Software and Licenses							
Initial Cost	22,465	1,377	(8)	-	720	(25)	24,529
Amortisation/Write-down	(20,044)	-	3	(1,317)	-	24	(21,334)
Assets Under Constructions and Payments on Account	729	183	-	-	(720)		192
Net Carrying Amount	**3,150**	**1,560**	**(5)**	**(1,317)**	**-**	**(1)**	**3,387**
Trademarks and Patents							
Initial Cost	2,163	650	-	-	-	2	2,815
Amortisation/Write-down	(1,433)	-	-	(369)	-	-	(1,802)
Assets Under Constructions and Payments on Account	(1)	-	-	-	-	-	(1)
Net Carrying Amount	**729**	**650**	**-**	**(369)**	**-**	**2**	**1,012**
Other							
Initial Cost	617	-	-	-	-	(13)	604
Amortisation/Write-down	(400)	-	-	(107)	-	16	(491)
Assets Under Constructions and Payments on Account	-	-	-	-	-	-	-
Net Carrying Amount	**217**	**-**	**-**	**(107)**	**-**	**3**	**113**
TOTAL							
Initial Cost	101,181	7,949	(40)	-	2,949	(30)	112,009
Amortisation/Write-down	(76,961)	-	17	(10,592)	-	40	(87,496)
Assets Under Constructions and Payments on Account	2,954	1,899	-	-	(2,949)	-	1,904
Net Carrying Amount	**27,174**	**9,848**	**(23)**	**(10,592)**	**-**	**10**	**26,417**
GOODWILL							
Initial Cost	91,661	-	-	-	-	-	91,661
Amortisation/Write-down	-	-	-	-	-	-	-
Net Carrying Amount	**91,661**	**-**	**-**	**-**	**-**	**-**	**91,661**

Appendix 3: Tangible Assets

The composition and changes during the year 2023 were as follows:

EUR 000's	Balance as of 1 Jan 2023	Increase	Sales/ Disposals	Amortisation and Write-down	Reclassifications	Translation Differences	Balance as of 31 Dec 2023
Land & Buildings							
Initial Cost	65,186	493	-	-	11	(498)	65,192
Depreciation/Write-down	(33,398)	-	-	(1,587)	(8)	287	(34,706)
Assets Under Constructions and Payments on Account	116	269	-	-	-	-	385
Net Carrying Amount	**31,905**	**762**	**-**	**(1,587)**	**3**	**(211)**	**30,872**
Plant & Machinery							
Initial Cost	75,201	1,097	126	-	(85)	(150)	76,189
Depreciation/Write-down	(68,934)	-	494	(2,729)	-	73	(71,096)
Assets Under Constructions and Payments on Account	616	224	-	-	-	-	840
Net Carrying Amount	**6,883**	**1,321**	**620**	**(2,729)**	**(85)**	**(77)**	**5,933**
Tools & Equipment							
Initial Cost	112,291	738	(4,719)		557	(723)	108,144
Depreciation/Write-down	(98,199)	-	3,910	(4,024)	(502)	478	(98,337)
Assets Under Constructions and Payments on Account	777	561					1,338
Net Carrying Amount	**14,869**	**1,299**	**(809)**	**(4,024)**	**55**	**(245)**	**11,145**
Other Tangible Fixed Assets							
Initial Cost	16,720	1,554	(857)	0	5	(17)	17,405
Depreciation/Write-down	(13,803)	-	847	(1,808)	-	3	(14,761)
Assets Under Constructions and Payments on Account	231	-	-	-	-	-	231
Net Carrying Amount	**3,148**	**1,554**	**(10)**	**(1,808)**	**5**	**(14)**	**2,875**
Right of Use Assets							
Initial Cost	15,983	5,290	(5,346)			(5)	15,922
Depreciation/Write-down	(9,610)		5,346	(4,778)			(9,042)
Assets Under Constructions and Payments on Account	0						-
Net Carrying Amount	**6,373**	**5,290**	**-**	**(4,778)**	**-**	**(5)**	**6,880**
TOTAL							
Initial Cost	285,381	9,172	(10,796)	0	487	(1,392)	282,852
Depreciation/Write-down	(223,944)	0	10,597	(14,926)	(510)	841	(227,942)
Assets Under Constructions and Payments on Account	1,740	1,054	0	0	0	0	2,794
Net Carrying Amount	**63,178**	**10,226**	**(199)**	**(14,926)**	**(23)**	**(551)**	**57,705**

Appendix 3: Tangible Assets

The composition and changes during the previous period 2022 were as follows:

EUR 000's	Balance as of 1 Jan 2022	Increase	Sales/ Disposals	Amortisation and Write-down	Reclassifications	Translation Differences	Balance as of 31 Dec 2022
Land & Buildings							
Initial Cost	65,416	1,662	(1,421)	-	-	(471)	65,186
Depreciation/Write-down	(33,233)	-	1,129	(1,604)	-	310	(33,398)
Assets Under Constructions and Payments on Account	108	8	-	-	-	-	116
Net Carrying Amount	**32,292**	**1,670**	**(292)**	**(1,604)**	**-**	**(161)**	**31,905**
Plant & Machinery							
Initial Cost	74,369	954	(85)	-	130	(167)	75,201
Depreciation/Write-down	(67,443)	-	79	(1,729)	-	159	(68,934)
Assets Under Constructions and Payments on Account	495	121	-	-	-	-	616
Net Carrying Amount	**7,421**	**1,075**	**(6)**	**(1,729)**	**130**	**(8)**	**6,883**
Tools & Equipment	**0**						
Initial Cost	110,755	2,517	(1,376)		653	(258)	112,291
Depreciation/Write-down	(93,054)	-	1,187	(5,735)	(783)	186	(98,199)
Assets Under Constructions and Payments on Account	109	668					777
Net Carrying Amount	**17,810**	**3,185**	**(189)**	**(5,735)**	**(130)**	**(72)**	**14,869**
Other Tangible Fixed Assets							
Initial Cost	15,508	1,633	-	-	-	(421)	16,720
Depreciation/Write-down	(12,466)	-	-	(1,847)	-	510	(13,803)
Assets Under Constructions and Payments on Account	231	-	-	-	-	-	231
Net Carrying Amount	**3,273**	**1,633**	**-**	**(1,847)**	**-**	**89**	**3,148**
Right of Use Assets							
Initial Cost	14,968	2,883	(1,825)			(43)	15,983
Depreciation/Write-down	(6,763)		1,825	(4,672)			(9,610)
Assets Under Constructions and Payments on Account	0						-
Net Carrying Amount	**8,205**	**2,883**	**-**	**(4,672)**	**-**	**(43)**	**6,373**
TOTAL							
Initial Cost	281,016	9,649	(4,707)	-	783	(1,360)	285,381
Depreciation/Write-down	(212,959)	-	4,220	(15,587)	(783)	1,165	(223,944)
Assets Under Constructions and Payments on Account	943	797	-	-	-	-	1,740
Net Carrying Amount	**69,000**	**10,446**	**(487)**	**(15,587)**	**-**	**(195)**	**63,178**

Audit Report

Audit report

To the Board of Managers of
Stiga C S.à r.l.

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Stiga C S.à r.l. (the "Company") and its subsidiaries (the "Group") as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the annual report but does not include the consolidated financial statements and our audit report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers and those charged with governance for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit 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 audit 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 the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers;

- conclude on the appropriateness of the Board of Managers' 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 audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;

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

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

We communicate with those charged with governance 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.

Restriction on distribution and use

This report, including the opinion, has been prepared for and only for the Board of Managers in accordance with the terms of our engagement letter and is not suitable for any other purpose. We do not accept any responsibility to any other party to whom it may be distributed.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 30 May 2024

Electronically signed by:
Alessio Chiesa

Alessio Chiesa

STIGA