Stiga C S.à r.l.
FY22 Annual Report

Consolidated Financial Statements
for the Year January 1, 2022 to December 31, 2022

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A message from Sean Robinson - CEO

Delivering product leadership and increasing our ambition for the future

In 2022, Stiga successfully navigated a rapidly changing environment, adapting to ensure business continuity and performance, while strengthening the Group's technology leadership. We encountered significant uncertainties in a market that presented more and bigger challenges than ever before. These included the increasingly widespread economic downturn, global inflation, sluggish demand and geopolitical uncertainties due to the Russia-Ukraine conflict. Stiga managed to overcome these unprecedented circumstances by investing in research and development – creating value with our disruptive products to enrich the everyday lives of our customers. We emerged stronger, having introduced innovative technologies and entered new categories, driving revenue. Looking back on an eventful 12 months, I'm pleased with the progress we've made together in such demanding circumstances while remaining focused on our strategic imperatives.

Delivering a legacy of innovation

In the changing competitive landscape, it's more important than ever to drive the market with leading-edge designed products. I'm proud of the strategic efforts we've made to push technological development in our industry and to continue our digital evolution. More than ever, in 2022 we've capitalised on consumer-driven innovations and core areas – such as battery-powered products, robotics and connectivity – that demonstrate our tech credentials and our ability to add value for our customers.

The cornerstones of this strategy have been the introduction of disruptive new energy-saving electric devices that ensure battery-operated options throughout the entire range; strengthening the presence in new categories, such as the handheld segment; and consolidating the Company's leadership role in its core segment, products for mowing the lawn. We're committed to remaining at the forefront of these developments, leading the industry with the best solutions, and have created in-house digital capabilities to take full advantage of them.

In burgeoning areas that are shaping future lifestyles – such as AI, IoT and robotics – we'll continue to leverage our robust innovations and capabilities to tackle new challenges with new ideas. Our objective is to increase the market share of our battery and intelligent products as part of the garden care of the future. We're ready to deliver change, balancing our competitiveness with smart, intuitive solutions and steering the industry towards renewable energy sources.

Looking to the future

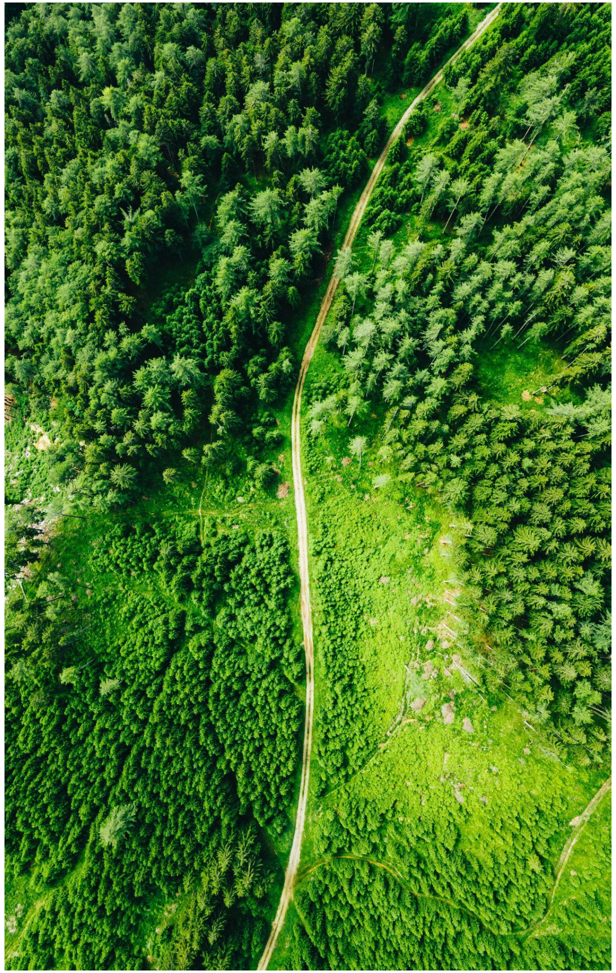
Stiga has proven that we're able to effectively balance our long-term imperatives and short-term operating priorities while delivering solid results. The Group has a robust financial position and over the next four years we plan to maximise our significant growth potential. Our strategic business plan includes a new breed of consumer-driven solutions and technologies, more digitalisation of our products and solid investment in marketing innovation, as well as the development of new distribution channels, all of which root our business in sustainability.

With this bold project we want to leave a positive mark, showing the utmost respect for the environment, the planet and its people. We are very optimistic about what lies ahead. We'll continue to follow our performance improvement plan rigorously, building on what we've achieved so far. We are actively managing our financial position to maintain a robust balance sheet, as we navigate the uncertainty created by the current geopolitical situation. With this in mind, we feel well prepared for any scenario, while at the same time continuing to invest resources in our long-term strategic imperatives.

Thank you for your continued support and trust. We are looking forward to a very successful 2023.

Sean Robinson
CEO

Summary of the year 2022



The year **2022 was another record year** in terms of sales (+11%) and EBITDA (+4%), despite the substantial stability of the gardening products market following the reduction and then the termination in the second part of the year of the restrictions connected to Covid-19 pandemic, which heavily influenced the performance in the past two years.

The Group registered **increases in all main markets and all distribution channels**. Branded sales account for 64% of Group revenue while private label and OEM sales represent 36%.
The Group market share in Europe reached 9.8%, +0.9 percentage points compared to the previous year. Our drive to succeed was fuelled by the fact that our customers needed and used our devices more than ever before.

The overall economic environment was characterised by high volatility in the supply chain and increases in the cost of commodities and energy. This resulted in difficulties with satisfying the market demand and, at the same time, into pressure on product profitability.

The Group proactively secured in advance critical production components at the expense of higher Working Capital and increased prices in the market for which the full effects will materialise in 2023. At the same time, the program of investments aimed to develop innovative products and enlarge the range of battery products went on following the guidance outlined in the Business Plan and the **ESG Strategy**. This resulted in the **expansion of our product range**.

In 2022, we continued to invest also in the enlargement of our distribution network, while simultaneously improving our **customers' online experience**. Specialist dealers remain our main channel, but we've seen significant growth in large-scale retail trade, as well as in B2B and B2C e-commerce, thanks to solid investments that have laid foundations for further development in 2023. Our strategy in the medium term is to build on this, positioning ourselves in **smart, sustainable gardening**, shifting from our mechanical product foundations, and evolving into a Group with **digital and connected technology**, sustainable power sources and energy-efficient features at its core.

The organisation was further strengthened with the onboarding of qualified managers and professionals. The second part of the year was also characterised by unprecedented activities inside and outside the Group aimed at guaranteeing the success of the market launch of the highly innovative autonomous robot in the first months of 2023.

Key Performance Indicators

The main and most significant results of Stiga in 2022 refer to:

- Sales registered +11% vs. 2021, mainly in France, Germany and Export. Remarkable performance of ride-on in all customers channels, which reached record volumes.
- EBITDA was Euro +2.6 million vs. 2021 (+4%), thanks to higher sales and pricing, which more than compensated for components, freight and operating expenses increases.
- Net Financial Position (-40% vs. 2021) was affected by higher Receivables and by the strategic decision to secure in advance critical products and components in presence of difficult supply chain conditions, resulting in higher levels of stock.
- The countries served in the world increased by 5, confirming our ability to enlarge the Export business.
- Average employees increased by 74 Full Time Equivalent (+5% vs. 2021), mainly in Italy and China.
- Capex at Euro 17.4 million is Euro 7.5 million lower than record 2021 spending. R&D investments allowed the completion of major projects like autonomous robots, Gyro and electric tractors.

Net Sales
637.0m
+11% vs 2021

EBITDA
63.9m
+4% vs 2021

Net Financial Position
-135.2m
-40% vs 2021

Countries served
89

Avg employees
1,714
+5% vs 2021

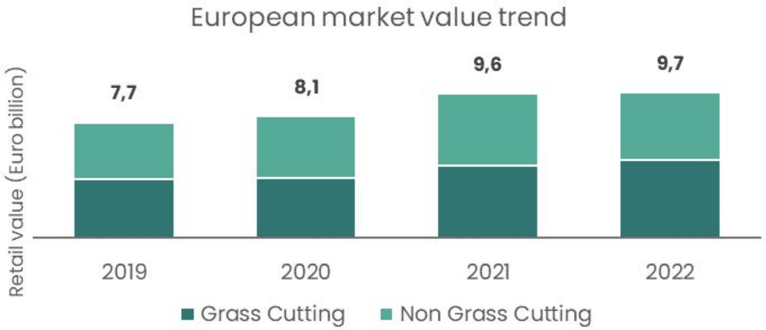
Capex
17.4m
-30% vs 2021

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 mowers and powered garden equipment market in Europe** and the European market leader in ride-ons

- The European powered garden equipments market is estimated at Euro 9.7 billion (retail price value), **Stiga accounting for 9.8% share**. Market size in 2021 and 2022 have been positively influenced by the consumer's changes of habit following the Covid-19 pandemic



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

- The Company serves the **residential gardening market** under its leading brand Stiga and four local brands (Mountfield, Alpina, Castelgarden , Atco) as well as serving leading OEM customers 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 Company 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.

The Sustainability culture

We care for our environment like we care for our gardens

As a leading design innovator, Stiga Group is committed to using more sustainable power sources and materials, and helping consumers with resource-smart solutions.
We believe competitiveness is key, but not at the cost of preserving our planet.
At Stiga Group, sustainability is implemented at multiple levels:

- Investment is made in the safety and the well-being of employees;
- Enhance environmental efficiency at plants and in operations;
- Innovation of product electrification and interchangeable batteries;
- Improved connectivity;
- Responsible use of materials and packaging increasing recyclability.

The Company defined its sustainability strategy (ESG) 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 Company 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 defined the **ESG strategy** as a set of plans, projects and targets which will build a **sustainable future for the Company**. This activity is performed with the contribution of all management and stakeholders, and it takes into account the imperatives of the Business Plan, Brand strategy values and ESG pillars. Specific areas of focus were further split into projects, each of them assigned to a project leader. These projects have been shared and sponsored by the ESG Committee along with priorities, measurable targets and relevant KPIs.

Overall, **the strategy and goals for sustainability are in alignment with business targets**, which are approved by the Board of Managers. Achieved targets are replaced by new sustainability projects. In 2023, the projects added are in alignment with the interests expressed by stakeholders and the result of the update of materiality matrix according to the new 2021 GRI (Global Reporting Initiative).

New identified projects aim to expand the Company's sustainability efforts, looking both at internal goals and the 2022 stakeholders survey. Considering stakeholders' interest in long product life, as well as customer satisfaction, a **new "long life" project** will look at batteries, spare parts, service and design for disassembly. Finally, an ambitious effort is planned to calculate the **carbon footprint** for the entire Stiga Group, including both the upstream and downstream emissions. With the addition of these new projects, Stiga reaffirms its **willingness to pursue advanced sustainability targets**.

At Stiga, we never lose sight of why we do what we do, and what our mission is; **working in harmony with nature** to help people take care of their own special patch of the planet.

"This was the year that we saw how ESG has become embedded in the Company culture. Thanks to a robust governance and the regular meetings of the ESG Committee, project leaders are reporting back ideas and goals to their teams and seeing changes to the way we work. That's why we were able to achieve so many of the targets we set out for ourselves in 2022, despite the challenges along the way.

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 look after our 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

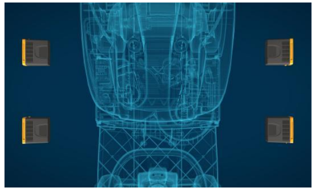
We use less to achieve more, creating reliable, practical, user-centred products. Tools that are intuitive and solve real customer needs. And we build supportive relationships with customers to make buying and using their products a joy.

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.

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.



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.

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.

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.

“

At Stiga, the pleasure of gardening and caring for nature go hand in hand. And that's all we communicate to and with our consumers about, not only by presenting them with our latest innovations, technologies and products, but also by sharing gardening tips, useful memos on seasonal tasks and how to best care for your garden.

We care for nature, which is our most important customer: we know how to manage the different tasks in the garden, in each season, without ever forgetting to respect nature and its cycles, its rhythm, its needs. This is why “Garden care” is our brand payoff.

Paola Pellizzer, Head of Brand Creation

”

Stiga Today & Tomorrow

Stiga Strategy Pillars for the future

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	• **Leadership 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?

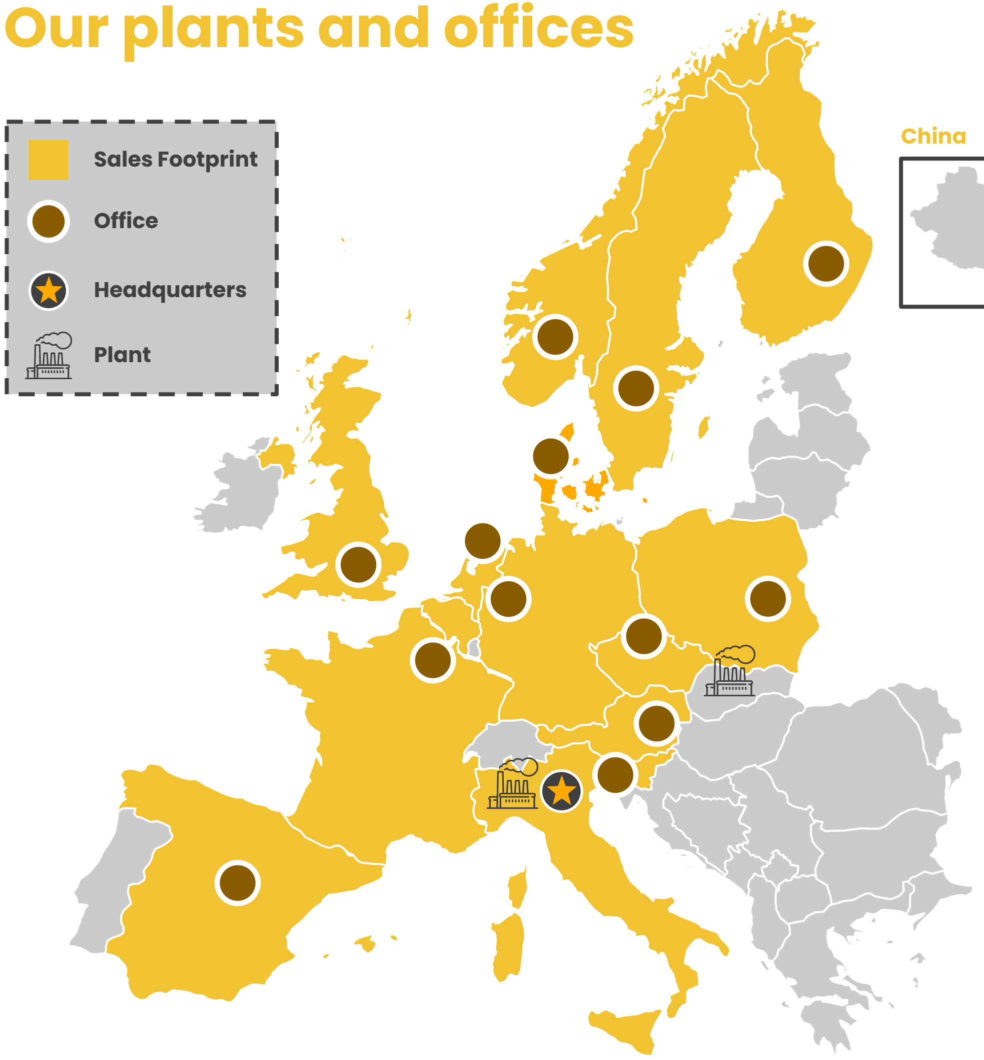
- Aged between 25 to 64
- Genders almost equally represented
- Owner of diversified gardens in size, shape and complexity

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 work hard at gardening

… to enable Stiga becoming a 1 billion€ Company

Stiga today
Our plants and offices



3 Plants

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

Poprad, Slovakia
Slovakia produces battery, electric and petrol-powered lawn 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

16 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, Russia, 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

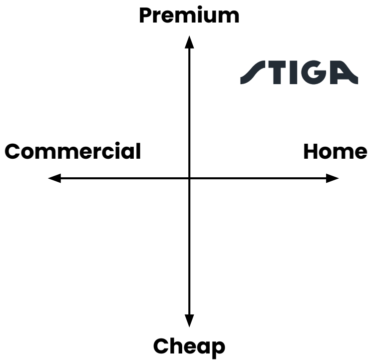
Our brand portfolio
A strong brand structure

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.

Brand positioning



Other Brands

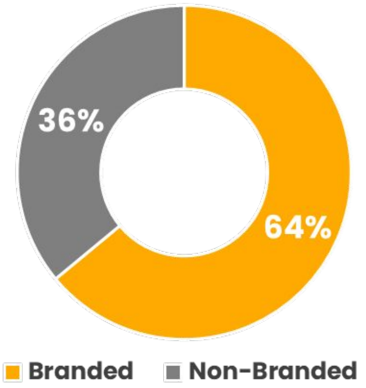
Alpina
100% authentic Italian brand with a long tradition in lawn mowing and garden equipment, offering a complete range of gardening tools

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

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 Company’s **flagship innovation project**. Conceived and designed internally, the robotic mower was formally inaugurated on April 30 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

Stiga robots
Stiga AGS technology

Bringing Artificial Intelligence to gardens

Stiga Active Guidance System stands for an algorithm that further **improves the GPS RTK signal reliability**. It is normally used in open fields and it challenged when approaching domestic gardens where walls, fences, hedges and garden sheds limit the sky view

7 Patents - Stiga is the only robot using **AGS**

- **RTK** has a **2cm accuracy** but the signal is not always reliable due to signal breakdowns and presence of obstacles
- **Sensor fusion** & **inertial sensors** improve the signal in our robots
- Implementing **AGS** within our algorithm makes the connection even stronger

How does AGS work?
Stiga autonomous robots plan where and when to cut in advance meaning that they **know exactly when and where to go** according to the virtual grid map and availability of enough satellites over each non-shadowed portion. The robots plan ahead to protect the data link and make the link unbreakable

AGS | Active Guidance System

Stiga robots

No other robot nurtures lawn health like Stiga Stig

A new breed of mower, engineered to work without compromise.

Less is more
Stiga **Stig can cover a 1,200 sqm lawn in just two cycles a day** and leave more than enough of a gap between mows for the grass blades to properly recover

Nurturing lawn health
Stiga Stig leaves a minimum of five hours between mows giving the blades plenty of time to heal and seal in the moisture before the next mow, meaning that a **lawn stays healthier and greener for longer**

Caring for everyone in the garden
Stiga **Stig can get the whole job done during daylight hours** so that night-time animals can spring into life when the sun goes down, and continue their business undisturbed

"Stiga started from a blank page and we are now a game changer in the robot mower evolution, since we are placing ourselves among the most evoluted players in the market. Flexibility, simplification and efficiency are the main pillars of our robots: not invasive installation replaces the perimeter wire with a satellite mapping and a new cutting intelligence, moving from a random cut to a systematic navigation. All these elements generate a more efficient and respectful action in the daily lawn care activities.

Michele Scapin, Chief Engineering Manager of Robotics & Connectivity"

Swift

Nimble and powerful.
Born to be electric.

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 hand-held tools from the 3, 5, 7 and 9 Series. Giving you a whole new way to care for your garden, no matter the season.

Gyro
A joy to steer

The first drive-by-wire joystick mower with Direct Drive technology
The Stiga drive-by-wire joystick system is **much easier to use** for both first-time zero-turn drivers and for those who are used to lap bars. It is battery-powered, energy-efficient and safe

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

Designed around any kind of user
The driver has **complete visibility** over the working area. It has electronic controls at reach and a **high-back-support-seat** with dual **parallel suspension system** to absorb vibrations and a **wide footboard** giving plenty of leg room

"We can now support people with huge surfaces needing for a fast, safety and efficient cut with Gyro, a machine transforming the traditional drive experience. With Gyro we have abandoned the mechanical levers, introducing the simplicity of a motion guided by a full electrical drive by wire joystick, this is combined with the machine brain, able to set the cutting speed according to the lawn characteristics and the drive mode selected by the operator. The result is a top notch-efficiency with an extraordinary time saving."

Alfredo Lionetti, Chief Engineering Director

Electric Tractors
The first fully electric, button-operated lawn tractor

For very big lawns
The collecting model Estate 798e can mow up to 7,000 sqm on charge – **the largest working area covered for an electric collecting tractor!** It has an impressive 110 minutes of runtime, which is how long it takes for the side-discharge model, Tornado 7108e, to cover up to 7,500sqm

One touch to do everything
With no more levers and no more mechanical operations, the intuitive Stiga dashboard **allows the customer to manage all the machine's functions in just a few taps** while driving, from starting the machine to adjusting the blade speed and emptying the grass bag

Experience the difference in driving
Stiga's electric tractors have fewer vibrations and offer **more comfort** when sitting on the tractor for longer sessions. Also, they are quieter, and have better sound quality

ePower technology
The new standard in garden power

Integrated ePower
Beyond standards, born inside the tools

From electric tractors to Stiga's brand-new axial mowers, **Stiga ePower's integrated battery packs have been designed and developed specifically for the machines they power**. Ideal for large to very large lawns, they offer unparalleled runtime and performance, covering very wide working areas on a single charge

Shareable ePower
Beyond standards, shareable with many tools

From handheld tools to walk-behind lawn mowers to small ride-on mowers, Stiga ePower drives a wide range of equipment. **Shareable battery packs mean the same battery can be used to power different tools**, to care for your garden all year round

New Fulcrum handlebar
Redesigning the way you mow.

A design-first for the first time in 80 years
Specially engineered for both petrol and battery-powered STIGA walk-behind mowers, the STIGA Fulcrum handlebar completely reinvents your relationship with cutting the lawn.

No more scratches
The innovative STIGA Fulcrum **handlebar can be rotated by 25°** with just one simple movement – letting you mow under hedges and along walls without getting scratched, scuffed or dirty.

The most convenient storage ever
Easy to store – just open the quick-release lever and rotate the handlebar by 180° until it lies flat over the deck. To save even more space, you can also detach the grass bag and store it on top of the folded handle.

Aero
The first cordless mower that glides on air

Made for small gardens

Sets you free
Stiga **Aero is the first cordless hover mower** for small gardens as it is battery powered

Like a hovercraft
Just like hovercrafts, Stiga's patented deck design uses **aeronautical engineering** to channel the airflow and **create a cushion of air between the mower and the grass.** This optimises energy efficiency and cutting performance

Trapping the air
Stiga's new patented aeronautical design works together with powerful 750W to create the perfect cushion of air. The internal geometries trap the air underneath the deck to deliver a true lifting effect

A message from Rainer Schmueckle - Chairman

Looking ahead with purpose

The uncertainty of 2022 highlighted the resilience of Stiga Group and also underlined even further the urgent need for positive change in terms of sustainability. Our strategic objectives go beyond operational and financial performance. At Stiga we understand the crucial role our Company plays for our stakeholders, society and the environment. As we move closer to the UN 2030 Sustainable Development Goals deadline, we consider sustainability central to everything we do and put a great emphasis on understanding the impact of our activities on people and the planet. In 2022, we continued to advance our approach to responsible investing by driving actions that integrate sustainability more deeply into our business, inspiring our customers and partners to do the same.

As a leading design innovator in the garden product sector, Stiga Group is committed to finding new solutions that bring real demonstrable change to our products and their impact on the environment, using more sustainable power sources and materials, improving recyclability and helping consumers create, nurture and enjoy their piece of nature with smart solutions. Our double-digit financial growth in 2022 showed that business success and an environmental approach can go hand in hand, empowering us to continue to be a force for positive change. Our biggest efforts have gone into our Products, People and Processes: we've invested in the safety and well-being of our people and the environmental efficiency of our equipment and operations. Our success is based on our people's talent and dedication, resulting in 100 years of know-how in the science of grass and tech expertise.

In 2022, we promoted initiatives aimed at increasing flexibility in the workplace and giving back to the communities where our businesses are located. When it comes to products, we're dedicated to developing innovative technologies that minimise our environmental footprint, thanks to a broad range of electric machines in every category and by improving the circularity of our products' life cycles. We have also invested further to make our production processes more sustainable and efficient, and to improve the durability and quality of our tools. We are investing in energy reduction measures too: production plants are moving to renewable electricity with plans to increase the percentage of self-produced energy. As we look ahead to 2023, our togetherness will remain vitally important as we navigate new challenges in a continually changing world. We are committed to a deeper assessment of our ESG opportunities and our impact on the environment, producing facts and data that will strengthen our strategy for improvement. This responsibility is at the heart of Stiga and how we seek to be a force for good for our customers and stakeholders. Our passion to inspire and help consumers to take care of their gardens provides a common thread that will guide our vision and our strategy.

Thank you to all our partners and stakeholders for their continued support and commitment. We look forward to continuing our journey in 2023 and beyond.

Rainer Schmueckle - Chairman

Performance Overview & Statements

Financial Overview

In the year 2022 the market for gardening products stabilised after two years of exceptional growth driven by the consumers' change of habits as a consequence of the Covid-19 pandemic. Specifically, ride-ons grew importantly, posting growth of +24% vs. 2021, while revenue from walk-behinds remained stable. Robots also kept their share, mainly due to supply difficulties for all the main producers, which were only overcome at the end of the year. The market share of hand-helds decreased down to 41% from 46% in 2021.

From a power source stand-point, after several years of growth, battery products market share growth relative to petrol machines levelled off, while electric corded machines continued their decline.

In this market environment, Stiga Net Sales reached a record Euro 637.0 million. Compared with the prior year, the sales performance was stronger (+Euro 63.6 M, +11.1%), registering increases in all main markets and in all the distribution channels in which the Group operates.

Net Sales	EBITDA	Net Financial Position
637.0m	63.9m	-135.2m
+11% vs 2021	+4% vs 2021	-40% vs 2021

The year was also characterised by unprecedented volatility in the supply chain, with major difficulties in securing the regular supply of products and components from the Far-East, coupled with a lack of availability of containers for goods deliveries. Further, commodities and energy prices increased beyond any expectations as a consequence of geo-political instability. All this put the ability of the Group to fulfill the market demand and reach the planned profit targets under significant pressure.

The actions implemented by the Group were focused on securing in advance the necessary quantities of some critical components and utilising organisational flexibility across both the manufacturing and sales functions to minimise the impact on operations. At the same time, the Group was forced to implement price increases in the market above and beyond what was planned at the beginning of the year. Despite these actions, the impact of the supply restrictions resulted in higher than planned investment in Working Capital, affecting the Net Financial Position and lower than planned unit product margins, reducing proportionally the growth of the EBITDA.

The Group's EBITDA increased to Euro 63.9 million, thanks to price increases implemented during the year. Overall unit profitability suffered, bringing the Gross Profit Margin to 26.2% from 27.2% in the previous year. This will be recovered in 2023, thanks to the full effect of the implemented price increases.

The Net Financial Position at year end was Euro -135.2 million, a decline of Euro -38.6 million (-40%) vs. 2021. This was primarily due to higher Receivables, arising from higher Sales in the last two months of the year vs. the same period a year ago and higher Inventories as a consequence of the advanced purchasing of strategic components.

Main Events of The Year

Strategic guidelines implementation

During the year 2022 the Group continued to implement actions related to the various projects that form the core of the Business Plan.

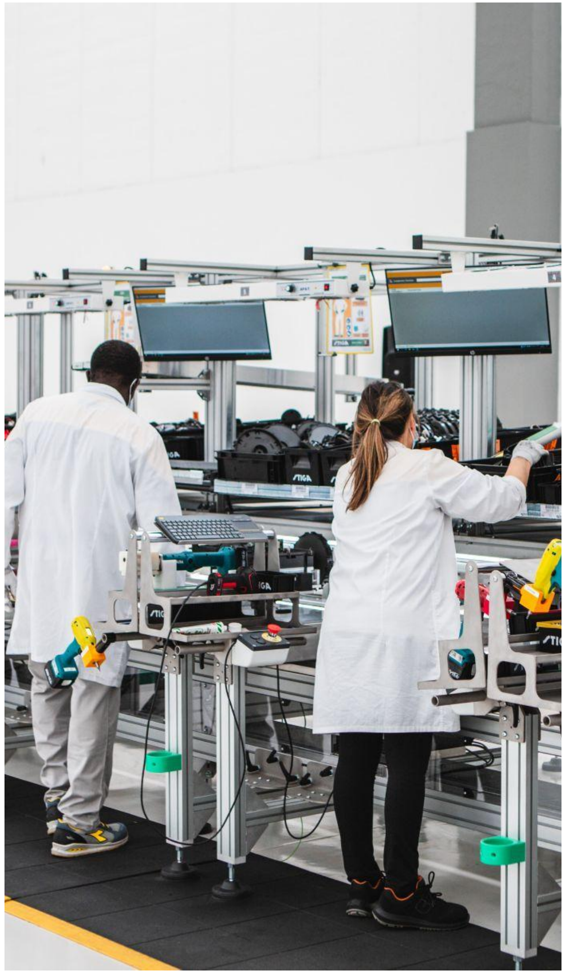
Despite the impact of external events, as described in the previous pages, the Management team launched or advanced several new products, while continuing the optimisation of the cost base and the overall development of the organisation.

With respect to new product launches, the Group enriched its offer across all product categories, combining further development of battery products with several innovative features to make them more appealing in the market.

In the walk-behind category the launch of Fulcrum, a product with innovative adjustable handle, flanked the introduction of Aero, the first cordless hover mower and the launch of a new roller machine for the UK market. Ride-on saw the launch of Swift, the first tractor mower powered by batteries which are fully interchangeable with all the other products in the range and the introduction of e-Ride 700, a collecting, full electric tractor for handling larger areas. In the segment of large mowers, the Group introduced Gyro 300 and 500, the first drive-by-wire joystick mower, powered by batteries. In the hand-held category, the new 700-900 series was introduced via the Dealers channel. Furthermore, the high-end 300/700 snow thrower was introduced to the market. Finally, the new wired Stig robot mower was launched and, in the second half of the year, the Stiga autonomous robot mower was introduced in test-market in Italy and Austria, to pave the way for the European launch which happened in early 2023.

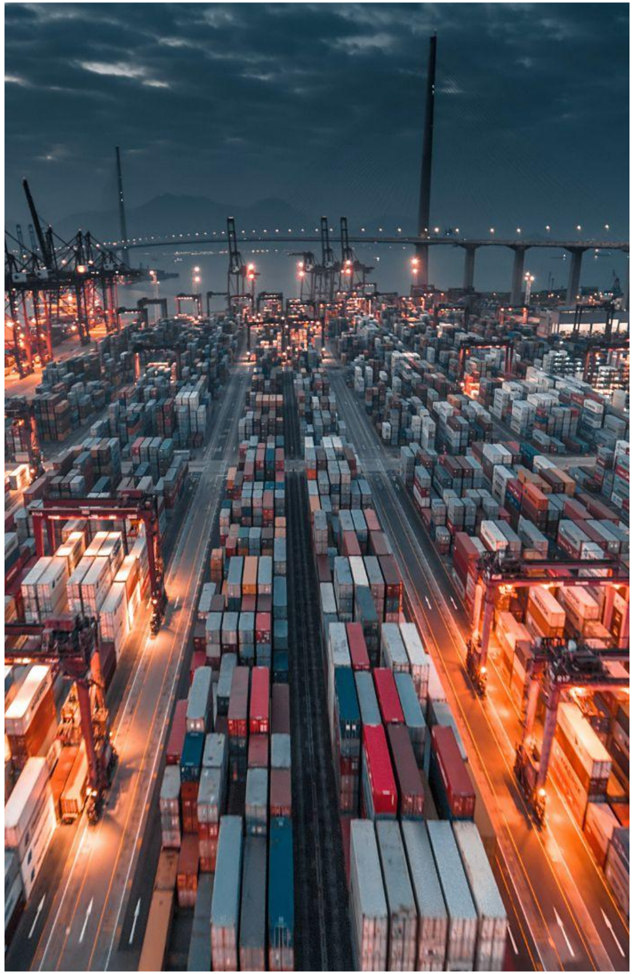
With reference to the optimisation of the Group's cost base, most of the above listed new products are produced in our plants, allowing for cost optimisation.

All the three plants benefited from the production of the new products. At the same time, the activity of cost optimisation in the area of engines and plastic went on in cooperation with our suppliers and in line with the plans. Campigo site, after the transfer to Castelfranco site of all the production activities was fully rented and the building of Steinbourg, where Stiga S.a.s. offices were located before the transfer to Paris, was sold.



Main Events of the Year

In the year, the three plants were certified according to ISO 14001 (Environmental Management System) and 45001 (Health and Safety Management System), following a project launched in 2021. From an organisational point of view, a new Demand & Supply Planning department was created, helping the whole organisation to face the challenges of the supply chain volatility. Last but not least, to increase effectiveness in the e-commerce channel, a new organisation was created and the relevant needed technological infrastructure was implemented.



Financial Structure Improvement

In 2022 the Company underwent an amend and extend process of its existing Senior Facilities Agreement that led to the following changes in its financial structure:

- A new Facility ("Term Loan B1") with maturity date February 2026 was introduced for Euro 140.4 million, replacing the Term Loan B for an equivalent amount;
- The existing Term Loan B amounting to Euro 180 million and due in August 2024 remains outstanding for Euro 39.6 million;
- The Revolving Credit Facilities (RCF), allowed up to Euro 60 million and granted to the companies of the Group for Euro 30 million, were increased to Euro 37 million and maturity was extended from August 2023 to June 2025;
- Carve outs for Receivables Finance Facilities and Permitted Indebtedness were increased from Euro 160 million to Euro 210 million.

The current financial structure results in aggregate Term Loans amounting to Euro 180 million, with an extended duration and additional room allowed for short-term indebtedness. No maintenance financial covenants are foreseen by the Senior Facilities Agreement, with the exception of a leverage ratio in case of RCF usage, in line with the previous agreement.

With regard to the Receivables Finances Facilities, in addition to the Euro 60 million Securitisation program over the Receivables of the Italian Company undertaken in 2021, in 2022 the Group has entered into two additional receivable financing agreements for aggregate Euro 60 million covering the receivables of UK, Germany and Poland.

Consolidated Management Report

Key financial figures

The summarised Consolidated Income Statement compared with the previous period is shown in the table opposite.

In the fiscal year ended on December 31, 2022 the Net Turnover reached Euro 637.0 million, compared to Euro 573.4 million in the previous year, while the EBITDA totalled Euro 63.9 million versus Euro 61.4 million in the previous period. The EBITDA in % on sales decreased by -0.7% from 10.7% to 10.0%.

The performance on the EBITDA is due to the cumulative effect of several favourable and adverse factors:

- Higher sales in all trade channels thanks to price increases implemented to face the growing costs of components and freight services;
- Decrease of sales volumes, in line with the market development, affected by volume decrease after two years of unprecedented growth as a consequence of changes to consumer habits following the Covid-19 pandemic;
- Higher raw materials and components purchase pricing in the first half of the year only partially mitigated by the activity of cost savings continuously performed by the Group;
- High cost of sea freight rates from Far-East to Europe, showing the first sign of decrease only in the last quarter of the year;
- Deterioration of FX rates, mainly US$ and RMB, the currencies in which the Group purchases large part of raw materials and components, only partly limited by the currency hedging activity implemented by the Group;
- Higher costs as a consequence of the supply chain disruption both in terms of manufacturing efficiency and penalties from customers for product delivery delays;
- Higher operating expenses following the strengthening of the organisation and the support of the market development with advertising and promotional activities;
- Lower warranty costs thanks to improved product quality

The Net Profit of the period at Euro 22.8 million compares with Euro 33.6 million in 2021 benefiting on one side from lower financial expenses mainly thanks to the difference in fair value of derivative financial instruments and from the partial release of NEDIP, but not registering on the other side the activation of Deferred Tax Assets due to the previous years' tax loss carry-forward and not deductible interest costs as occurred in 2021.

Euro 000's	2022		2021	
Revenues	636,973	100.0%	573,367	100.0%
Gross Profit	**166,963**	**26.2%**	**156,087**	**27.2%**
Distribution Costs	(47,099)	-7.4%	(42,558)	-7.4%
Operating Expenses	(81,340)	-12.8%	(73,718)	-12.9%
Other Operating Income and Expenses	(760)	-0.1%	(3,101)	-0.5%
Profit Before Interest and Taxes	**37,764**	**5.9%**	**36,710**	**6.4%**
Net Financial Expenses	(8,451)	-1.3%	(11,711)	-2.0%
Profit / (Loss) Before Taxes	**29,313**	**4.6%**	**24,999**	**4.4%**
Current Taxes	(6,132)	-1.0%	(6,175)	-1.1%
Deferred Taxes	(423)	-0.1%	14,772	2.6%
Profit / (Loss) for the year	**22,758**	**3.6%**	**33,596**	**5.9%**
Attributable to:				
Owner of Stiga C S.à.r.l.	22,496		33,287	
Non-Controlling Interest	262		310	
EBITDA	**63,943**	**10.0%**	**61,366**	**10.7%**

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 Euro 326.1 million, which is higher than the previous year by Euro 53.9 million. The entire increase is concentrated in the Net Working Capital, which amounts to Euro 135.0 million.

Trade Receivables valued at Euro 105.0 million are higher than the value at December 31, 2021 by Euro 25.3 million. This was the consequence of higher sales in the last two months of the year vs. the same period one year ago by Euro 15.0 million and of some unresolved issues with certain customers that are in the process of resolution.

Inventories at Euro 174.6 million are Euro 10.4 million higher than year ago. This reflects the strategic decision to purchase in advance all the components of the autonomous robot due to uncertainty in the supply chain to grant the delivery of the product which has been launched on the market in January 2023. Trade Payables have decreased compared to 2021 by Euro 33.5 million as a consequence of the slowing down of components purchasing in the last months of the year.

Non-Current Assets are Euro 6.0 million lower than previous year mainly due to decrease of Tangible Assets, while Non-Current Liabilities are stable.

The increase of net invested capital equal to Euro 53.9 million was financed with Euro 15.3 million by the Net Equity increase and with Euro 38.6 million by debt, mainly Cash and Financial Short-Term Assets reduction and higher Short-Term Borrowing.

Euro 000's	**Dec 31, 2022**	**Dec 31, 2021**
Trade Receivables	104,953	79,622
Inventories	174,552	164,181
Trade Payables	(130,281)	(163,771)
Other Short-Term Assets and Liabilities Non-Financial	(14,175)	(3,615)
(A) NET WORKING CAPITAL	**135,050**	**76,416**
Tangible Assets	63,178	69,000
Other Intangible Assets	26,417	27,174
Goodwill	91,661	91,661
Equity Investments	5	5
Deferred Tax Assets and Long-Term Tax Receivables	18,750	18,041
Other Long-Term Assets Non-Financial	332	458
(B) NON-CURRENT ASSETS	**200,343**	**206,339**
Other Long-Term Provisions	(5,052)	(5,600)
Provisions for Pensions and Similar Obligations	(2,060)	(2,347)
Deferred Tax and Long-Term Tax Liabilities	(1,404)	(1,698)
Other Long-Term Liabilities Non-Financial	(749)	(916)
(C) NON-CURRENT LIABILITIES	**(9,265)**	**(10,561)**
(D) NET INVESTED CAPITAL (A+B+C)	**326,127**	**272,194**

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Consolidated Management Report

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Euro 000's	Dec 31, 2022	Dec 31, 2021
Cash and Financial Short-Term Assets	(51,072)	(89,133)
Bank Borrowings Short-Term	38,661	29,636
Other Financial Short-Term Liabilities	4,504	5,338
(E) NET FINANCIAL POSITION (SHORT-TERM)	**(7,907)**	**(54,160)**
Financial Long-Term Assets	(40,627)	(38,466)
Bank Borrowings Long-Term	180,425	180,756
Other Financial Long-Term Liabilities	3,283	8,395
(F) NET FINANCIAL POSITION (LONG-TERM)	**143,081**	**150,685**
(G) TOTAL NET FINANCIAL POSITION (E+F)	**135,174**	**96,525**
(H) TOTAL EQUITY	**190,953**	**175,669**
(I) TOTAL EQUITY AND DEBT (G+H)	**326,127**	**272,194**

Specifically, Cash and Financial Short-Term Assets decreased by Euro 38.1 million, Bank Borrowings Short-Term increased by Euro 9.0 million also thanks to the implementation of the new receivable financing lines with primary financial institutions. Other Financial Long-Term Liabilities decreased by Euro 5.1 million, mainly due to the positive fair value at year end of the Interest Rate Swap undertaken to hedge the Group financial indebtedness, while in the previous financial year the fair value was negative.

Group Operation

Capital Expenditure

Total expenditure in Tangible and Intangible Assets during the year amounted to Euro 17.4 million (Euro 24.9 million in the previous period), corresponding to 2.7% of turnover. In addition to these amounts, Tangible Assets increased by Euro 2.9 million following the higher value of the right of use of leased assets, mainly due to both new rental agreements as well as to the renewal of certain 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.

The details of capital expenditures are provided in the notes to the Consolidated Financial Statements.

Research and Development activities

In the fiscal year 2022 the resources dedicated to Research and Development (R&D) activities achieved a value of Euro 13.1 million (Euro 15.4 million in the previous fiscal period), related mainly to costs of personnel dedicated to such activities, cost of external consultants and purchase of goods for products development. The R&D effort in the 2022 fiscal year has been addressed on several platforms with different tasks and a special focus on new technology introductions and competitive improvements.

Most of the effort was addressed to finalise the autonomous robot mower and resources were also allocated to snow throwers and Gyro range extension.

Capex	R&D Investments
17.4m	13.1m
-30% vs. 2021	vs. 15.4m in 2021

Information regarding the environment and human resources

The Group's sustainability strategy pursues a continuous reduction of the environmental impact of the production processes. The Group also decided investment in renewable energy aimed at increasing the level of its contribution to overall environmental sustainability.

The process “STIGA People & Performance Review” introduced last year at Group level for the assessment of the employees’ contribution to the Group and to foster the employees development is regularly running and, simultaneously, the effort paid to employer branding and talent attraction was increased, with more presence in universities, high-schools and technical schools.

The overall headcount at the end of the year is 1.769 FTE, with a decrease of -216 FTE vs. previous year. The decrease is concentrated in manufacturing department in Slovakia and China, on temporary employees, being the consequence of lower production plans in the first months of 2023 in comparison to the first months of 2022. The Group did not experience any serious working accidents and occupational diseases to employees and was not involved in mobbing trials for which was declared guilty.

Risk Management

Credit Risk

The Group's Credit Risk is different 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 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.

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 and Stiga S.p.A., optimising the cash management and improving the control ability: all Group companies collecting cash from external customers are included in the cash pooling system with the exclusion of Spain.

The financing agreement signed by the Company in 2022 provides the Group with aggregate Term Loans of Euro 180 million, 39.6 million due in August 2024 and 140.4 million extended to February 2026. Further, carve outs for Receivables Finance Facilities and Permitted Indebtedness up to Euro 210 million and a RCF up to Euro 60 million are included. There are no maintenance financial covenants, with the exception of a leverage ratio only in case of RCF usage.

During 2022 the Group extended its Receivables Finance Facilities by entering into two additional receivable financing agreements for aggregate Euro 60 million covering the receivables of UK, Germany and Poland; this is in addition to the Securitisation program over the receivables of the Italian subsidiary undertaken in 2021 for Euro 60 million and two years duration (renewable up to 6 years).

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 connections 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 the forecasted net exposure.

The interest rate risk on the financial long-term indebtedness is currently hedged with four Interest Rate Swaps (IRS) for an aggregate amount of Euro 180 million and expiry date November 2023. Counterparties to these agreements are major Italian and international financial institutions. 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

In the first four months of the new fiscal year, sales are below 2022 performance and Budget. This is mainly due to the softening of the demand in connection with macroeconomic developments (high inflation, uncertainty on economic growth), colder temperature in Europe which has inhibited grass growth, as well as high level of trade stock following drought conditions at the end of 2022 season. However, in recent weeks Management has observed a recovery in dealer orders as weather conditions have normalised. In addition, the launch of the Group's new autonomous robot is expected to deliver improved gross margin performance. Consequently, Management believes the Group is well-placed to deliver improved profitability in 2023 versus 2022.

From a health and safety point of view, during 2022 local governments have gradually released the restrictions imposed to face Covid-19 pandemic. Remote working on a rotating basis is continuing in response to employee preferences rather than health risks. During the year the incidence of infected people among the Group employees was very low.

May 25, 2023

For the Board of Managers
The Chief Executive Officer
Sean Robinson

Consolidated Financial Statements

Consolidated Statement of Financial Position

Euro 000's			
ASSETS	**Dec 31, 2022**		**Dec 31, 2021**
		Notes	
Non-Current Assets			
Intangible Assets	118,078	**(1)**	118,835
Goodwill	*91,661*		*91,661*
Other Intangible Assets	*26,417*		*27,174*
Tangible Assets	63,178	**(2)**	69,000
Investments Accounted for using Equity Method	5	**(3)**	5
Financial Long-Term Assets	40,627	**(4)**	38,466
Other Long-Term Assets	332	**(5)**	458
Deferred Tax Assets and Long-Term Tax Receivables	18,750	**(6)**	18,041
Total Non-Current Assets	**240,970**		**244,805**
Current Assets			
Inventories	174,552	**(7)**	164,181
Trade Receivables	104,953	**(8)**	79,622
Financial Short-Term Assets	7,359	**(9)**	37,823
Other Short-Term Assets	12,680	**(10)**	21,731
Cash and Cash Equivalents	43,713	**(11)**	51,310
Total Current Assets	**343,258**		**354,667**
TOTAL ASSETS	**584,228**		**599,472**

Consolidated Statement of Financial Position

Euro 000's			
LIABILITIES	Dec 31, 2022		Dec 31, 2021
		Notes	
Capital and Reserves			
Stockholders' Equity	190,767		175,463
Non-Controlling Interests	186		206
Total Capital and Reserves	**190,953**	(12)	**175,669**
Non-Current Liabilities			
Bank Borrowings Long-Term	180,425	(13)	180,756
Other Financial Long-Term Liabilities	3,283	(14)	8,395
Other Long-Term Liabilities	749		916
Provisions for Pensions and Similar Obligations	2,060	(15)	2,347
Other Long-Term Provisions	5,052	(16)	5,600
Deferred Tax and Long-Term Tax Liabilities	1,404	(17)	1,698
Total Non-Current Liabilities	**192,973**		**199,712**
Current Liabilities			
Trade Payables	130,281	(18)	163,771
Bank Borrowings Short-Term	38,661	(13)	29,636
Other Financial Short-Term Liabilities	4,504	(19)	5,338
Other Short-Term Liabilities	26,855	(20)	25,346
Total Current Liabilities	**200,301**		**224,091**
TOTAL LIABILITIES AND EQUITY	**584,228**		**599,472**

Consolidated Income Statement

Euro 000's	2022	Notes	2021
Revenues	636,973	(22)	573,367
Cost of Sales	(470,010)	(23)	(417,280)
Gross Profit	**166,963**		**156,087**
Distribution Costs	(47,099)	(24)	(42,558)
Operating Expenses	(81,340)	(25)	(73,718)
- Research & Development	(4,694)		(3,186)
- Marketing, Selling and After sales	(44,305)		(37,828)
- General and Administration	(17,480)		(19,079)
- Operating Depreciation and Amortisation	(14,862)		(13,625)
Other Operating Income	5,345	(26)	3,204
Other Operating Expenses	(6,105)	(27)	(6,305)
Profit Before Interest and Taxes	**37,764**		**36,710**
Net Financial Expenses	(8,451)	(29)	(11,711)
Profit / (Loss) Before Taxes	**29,313**		**24,999**
Current Taxes	(6,132)	(30)	(6,175)
Deferred Taxes	(423)	(6)	14,772
Profit / (Loss) for the year	**22,758**		**33,596**
Attributable to:			
Owner of Stiga C S.à.r.l.	22,496		33,287
Non-Controlling Interest	262		310

Consolidated Statement of Comprehensive Income

Euro 000's	2022	2021
Profit / (Loss) for the year	**22,758**	**33,596**
Gain/(Losses) Chargeable to the Consolidated Income Statement:		
Exchange Differences on Translation of Foreign Operations	(1,021)	2,017
Cash Flow Hedge Recognised to Equity	(4,057)	7,683
Gain/(Losses) Not Chargeable to the Consolidated Income Statement:		
Actuarial Gains/(Losses) Recognised directly to Equity	109	-
Total Comprehensive Income / (Loss) for the year	**17,789**	**43,296**
Attributable to:		
Owner of Stiga C S.à.r.l.	17,527	42,987
Non-Controlling Interest	262	310

Consolidated Statement of Cash Flows

Euro 000's	2022	2021
Profit/ (Loss) for the year	22,758	33,596
Financial expenses	8,451	11,711
Depreciation and Write-Down of Tangible Assets	15,587	15,067
Amortisation and Write-Down of Intangible Assets	10,592	9,589
Change in Provisions	(726)	(266)
Change in Deferred Tax Assets and Liabilities	(2,284)	(9,981)
Other Non-Monetary Variation	(2,221)	(356)
Changes in Working Capital:		
- Inventories	(10,716)	(56,330)
- Trade and Other Receivables	(16,581)	(15,561)
- Trade and Other Payables	(31,981)	50,117
Cash Flow from Operating Activities (A)	**(7,122)**	**37,586**
Investments in Tangible and Intangible Assets	(17,267)	(25,802)
Disposals of Tangible and Intangible Assets	510	110
Other Changes in Long-Term Assets and Liabilities	(382)	36
Cash Flow from Investing Activities (B)	**(17,139)**	**(25,656)**
Changes in Bank Borrowings	6,299	(20,080)
Repayment of Lease Liabilities	(4,682)	(4,881)
Changes in Other Financial Assets and Liabilities	26,288	(273)
Net Interests Paid	(10,581)	(11,893)
Dividends Payment	(282)	(241)
Cash Flow from Financing Activities (C)	**17,042**	**(37,368)**
Movements in Cumulative Translation Reserve	(376)	2,017
Other Cash Flow Effects (D)	**(376)**	**2,017**
Net Increase/(Decrease) in Cash and Cash Equivalents	**(7,595)**	**(23,422)**
Net Cash and Cash Equivalents at the Beginning of the Period	(1) **51,310**	(1) **74,732**
Net Cash and Cash Equivalents at the End of the Period	(1) **43,713**	(1) **51,310**

(1) Net Cash and Cash Equivalents does not include the investment of Euro 3.1 million (Euro 37.2 million in the previous period) of liquidity in a life insurance policy

Consolidated Statement of Changes in Equity

Euro '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 at January 1, 2021	**18,884**	**168,825**	**1,888**	**(3,868)**	**(52,398)**	**(141)**	**(5,529)**	**4,348**	**823**	**138**	**132,970**
Result destination					823				(823)		0
Capital contribution								(356)			(356)
Total comprehensive (loss)/Income				2,017			7,683		33,287		42,987
Dividends										(242)	(242)
Minorities result for the year										310	310
Balance at December 31, 2021	**18,884**	**168,825**	**1,888**	**(1,851)**	**(51,575)**	**(141)**	**2,154**	**3,992**	**33,287**	**206**	**175,669**

Euro '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 at January 1, 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 at December 31, 2022	**18,884**	**168,825**	**1,888**	**(2,872)**	**(18,289)**	**(33)**	**(1,903)**	**1,771**	**22,496**	**186**	**190,953**

General Information

Stiga C S.à r.l., the Group's parent company (hereinafter the "Company"), is a limited liability company incorporated on October 15, 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") serve the residential gardening market under its leading brand Stiga and four local brands as well as serving leading OEM customers and private label customers. The Group manufactures and sells walk behind, ride-on, robotic lawn mowers and, in addition, sells handheld gardening tools (such as chainsaws, brush cutters and trimmers), 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 January 1, 2022 to December 31, 2022.

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 Financial Statements for statutory purposes in Luxembourg since those are filed by its parent company Stiga S.A.

Nevertheless, Stiga C is required to prepare Consolidated Financial Statements to fulfil the requirements of the Amendment and Restatement Agreement dated July 26, 2022, relating to a Credit Agreement originally signed on April 19, 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 a business plan approved in 2021, refined and updated in 2022.
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 the 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.

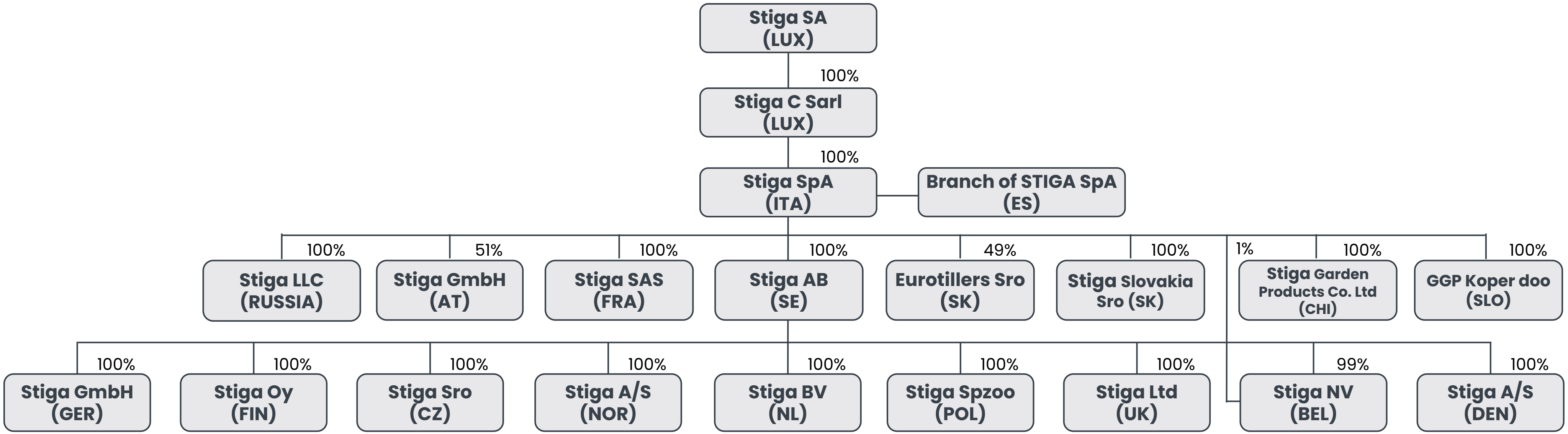
General Information

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 structure of the Group as of December 31, 2022 is as follows:



General Information

The Consolidated Financial Statements include the financial statements of the Company and its subsidiaries as of December 31, 2022.
Details of the Company and its consolidated subsidiaries as of December 31, 2022 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, Slovenia	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

Significant Accounting Policies

Basis of Preparation

The Consolidated Financial Statements for the fiscal year ended on December 31, 2022 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, 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 statements 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 which has been prepared using the Indirect method by which the net result of the year is adjusted by the effects of non-cash operations, of the changes in working capital and by the cash flows arising from investing and financing activities.

Other financial statements tables are:

- The Consolidated Statement of Comprehensive Income which includes components which 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 in which the 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.

The Consolidated Financial Statements have been prepared according to the historical cost convention, except for financial assets and liabilities, including derivative instruments for which is mandatory the adoption of the fair value method. 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 financial statements 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 following paragraph "*Use of estimates*".

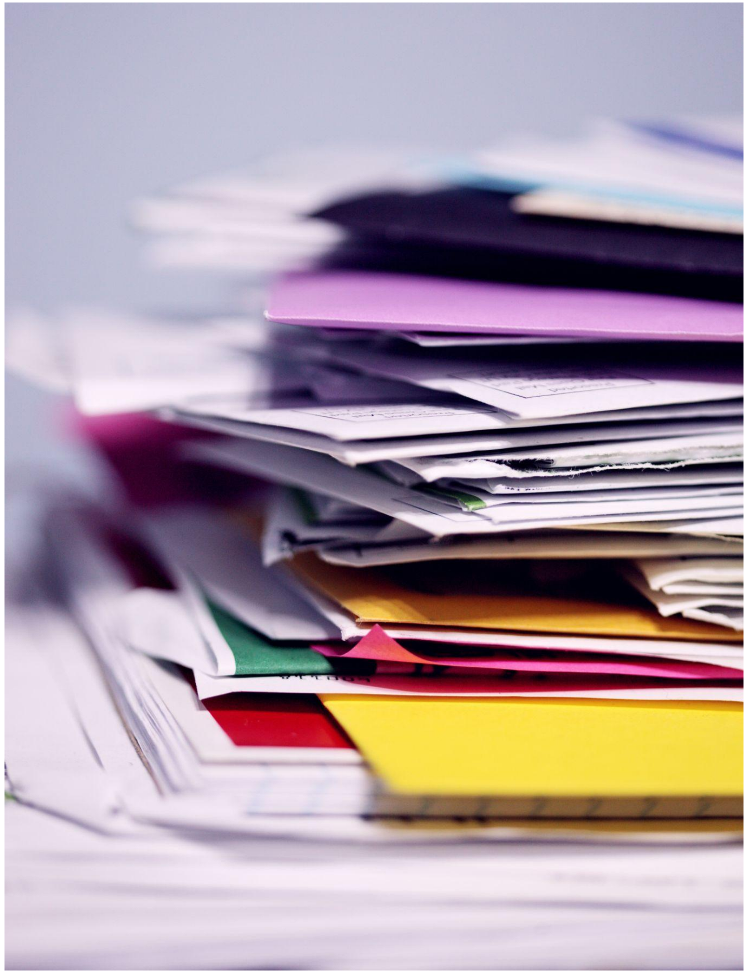
In preparing these Consolidated Financial Statements, the same accounting standards and drafting criteria were substantially applied as in the preparation of

Significant Accounting Policies

the financial statements for the year ended December 31, 2021, having regard to the updates to the reference framework that came into effect on January 1, 2022, 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, amendments and interpretations applicable for the Group starting from January 1, 2022

Second Amendment to IFRS 16 Leases - Covid-19 Related Rent Concessions Beyond 30 June 2021
On 28 May 2020 the IASB published a first amendment to IFRS 16 to regulate the accounting by lessees of any amendments granted by lessors to operating lease payments due to the effects of the Covid-19 pandemic. On March 31, 2021 the IASB approved a second amendment to IFRS 16 Covid-19 Related Rent Concessions extending the practical expedient for simplifying the accounting by lessees of rent concessions (i.e. reductions or cancellations of lease payments granted to a lessee by the lessor) obtained due to the Covid-19 pandemic, which go beyond June 30, 2021. In order to apply this exemption, all the following conditions must be verified that the payment concession is a direct consequence of the Covid-19 pandemic and the reduction of payments relates only to payments originally due no later than June 2022, as well as the total of contractual payments after the rent concession is essentially equal to or less than the payments provided for in the original agreement and no other major contractual changes have been agreed with the lessor. This amendment came into force for annual reporting periods beginning on or after April 1, 2021, but earlier application was permitted. No impacts occurred for the Group as no Covid-related concessions have been granted at all.



Significant Accounting Policies

Amendments to IFRS 3 Business Combinations
The purpose of the amendments is to update the reference in IFRS 3 to the Conceptual Framework in its revised version, without making any changes to the provisions of IFRS 3.

Amendments to IAS 16 Property, Plant and Equipment
The purpose of the amendments is not to allow the amount received from the sale of goods produced in the test phase of the activity to be deducted from the cost of property, plant and equipment. These sales revenues and the related costs shall therefore be recognised in the income statement.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets
The amendment clarifies that in the estimate of the possible cost of a contract, all costs directly attributable to the contract must be considered. Accordingly, the assessment as to whether a contract is onerous includes not only incremental costs (such as, for example, the cost of direct material used in the processing), but also all costs that the company cannot avoid because it has executed the contract (such as, for example, the depreciation rate of the machinery used to perform the contract).

Annual Improvements 2018-2020
Specific and marginal amendments have been made to IFRS 1 First-time Adoption of International Financial Reporting Standards (concerning the measurement of the translation reserve), IFRS 9 Financial Instruments (concerning the specification of charges to be considered in the calculation of the 10% test for derecognition), IAS 41 Agriculture (concerning the consideration of tax flows in the method of calculating the fair value of certain assets) and the Illustrative Examples of IFRS 16 Leases (concerning incentives).

Accounting standards, amendments and interpretations already issued and endorsed by the European Union, applicable to Financial Statements for financial years beginning after 1 January 2023, the introduction of which is not expected to have a significant impact on the Group

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
On 12 February 2021, the IASB published the “Definition of Accounting Estimates (Amendments to IAS 8)” in which the definition of change in accounting estimates is replaced by a definition of accounting estimate. Under the new definition, accounting estimates are "monetary amounts reported in the Financial Statements subject to valuation uncertainty" and that a change in the accounting estimate resulting from new information or new developments is not the correction of an error. The changes will take effect from 1 January 2023.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (Making Materiality Judgements)
The amendments, published on 12 February 2021 by the IASB, are intended to improve the disclosure of accounting policies so as to provide more useful information to investors and other primary users of Financial Statements as well as to help companies distinguish changes in accounting estimates from changes in accounting policies. The changes will take effect from 1 January 2023.

IAS 12 Income Taxes
On 7 May 2021 the IASB published the Amendments to IAS 12 Income Taxes: “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”. The document aims to clarify the accounting of deferred taxes on particular transactions such as leases and decommissioning obligations. The amendment will be effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.

Significant Accounting Policies

Amendments to IFRS 17 Insurance Contracts
On 25 June 2020, the IASB published amendments that aim to reduce costs by simplifying certain requirements of the standard, make it simpler to illustrate financial performance, and ease the transition by postponing the effective date of the standard to 2023, providing additional help to reduce the effort required when applying the standard for the first time.

Initial application of IFRS 17 and IFRS 9 - comparative information
On 9 December 2021, the IASB published an additional amendment to IFRS 17. The amendment is a transition option relating to comparative information on Financial Assets presented at the date of initial application of IFRS 17. The amendment is intended to avoid temporary accounting mismatches between financial assets and liabilities of insurance contracts, and thus to improve the usefulness of comparative information for readers of financial statements.

The new standards, amendments and interpretations already issued but not yet endorsed by the European Union and applicable to the financial statements for years beginning after 1 January 2022 are also briefly illustrated, the introduction of which is not expected to have a relevant impact on the Group.

IFRS 14 Regulatory Deferral Accounts
The endorsement process for the new standard aimed at companies subject to regulated rates published in January 2014 and which will replace the current one is currently suspended.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - The endorsement process for these amendments published by the IASB in September 2014 is currently suspended pending the conclusion of the IASB project on the equity method.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
On 22 September 2022, the IASB endorsed amendments to IFRS 16 concerning sale and leaseback transactions, where the seller-lessee recognises only the amount of gain or loss that relates to the rights transferred to the buyer-lessor. The initial measurement of the lease liability arising from such transactions is the result of how the seller-lessee measures the right-of-use asset and the gain or loss recognised at the date of the transaction. The amendment will be effective for annual periods beginning on or after 1 January 2024, with earlier application permitted.

Finally, it has to be noted also the IFRIC Agenda decision - Lessor forgiveness of lease payments (IFRS 9 and IFRS 16) issued in October 2022, addressing the accounting from the perspective of the lessor, and in particular:

- How the Expected Credit Loss ('ECL') model in IFRS 9 should be applied to the operating lease receivable when the lessor expects to forgive payments due from the lessee under the lease contract before the rent concession is granted;
- Whether to apply the derecognition requirements in IFRS 9 or the lease modification requirements in IFRS 16 when accounting for the rent concession.

Significant Accounting Policies

Basis of Consolidation

The Consolidated Financial Statements include the financial statements of the Company and its subsidiaries as of December 31, 2022. Details of the Company and its consolidated subsidiaries as of December 31, 2022 are as follows:

Company Name	Registered Office	% Held	Consolidation Method
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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.

Significant Accounting Policies

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 Euro 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 December 31, 2022
SEK Swedish Crown	10.3175	10.9859	11.1218
GBP British Pound	0.8350	0.8746	0.8869
DKK Danish Crown	7.4366	7.4426	7.4365
NOK Norwegian Crown	9.6191	10.4480	10.5138
PLN Polish Zloty	4.5487	4.8040	4.6808
CZK Czech Crown	24.2695	25.0065	24.1160
CNY Chinese Yuan Renminbi	6.8538	7.3859	7.3582
RUB Russian Ruble	59.2902	119.5066	77.8998

Significant Accounting Policies

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.

Significant Accounting Policies

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

Significant Accounting Policies

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 above.

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 (ex. use of the asset in a specific place, 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.

Significant Accounting Policies

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. respectively 2% for short-term financing and 5.62% 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:

Financial Assets Measured at Amortised Cost
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 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".

Significant Accounting Policies

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 non financial 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 Non Financial Assets

The assumption adopted by the Group with regard to Trade and Other Non Financial 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.

Significant Accounting Policies

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, it was decided 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 expense 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.

Significant Accounting Policies

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.

Significant Accounting Policies

Employee Benefits

<u>Short-Term Obligations</u>
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.

<u>Post-Employment Obligations</u>
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.

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

In particular, on July 7, 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 at the level of Stiga C is, according with 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:

Significant Accounting Policies

- 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; 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.

Significant Accounting Policies

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.

Significant Accounting Policies

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 Directors 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.

Significant Accounting Policies

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).

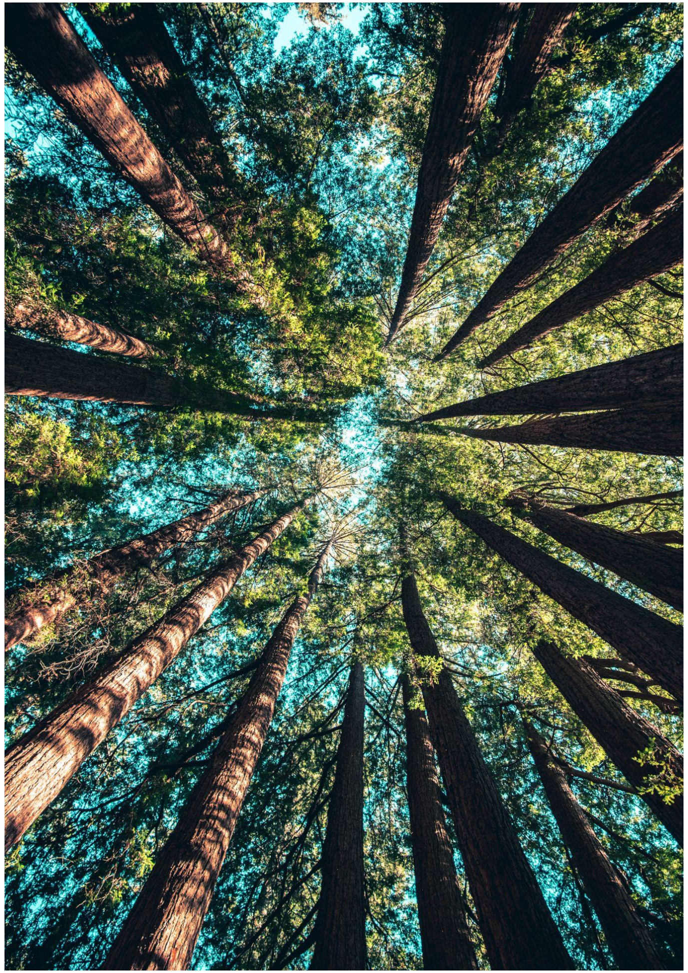
Significant Accounting Policies

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.

Financial Liabilities and ROU Assets
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.



Significant Accounting Policies

Going Concern

In 2022 the Company underwent an amend and extend process of its existing Senior Facilities Agreement that led to the following changes in its financial structure:

- a new Facility ("Term Loan B1") with maturity date February 2026 was introduced for Euro 140.4 million, replacing the Term Loan B for an equivalent amount;
- the existing Term Loan B amounting to Euro 180 million and due in August 2024 remains outstanding for Euro 39.6 million;
- the Revolving Credit Facilities (RCF), allowed up to Euro 60 million and granted to the companies of the Group for Euro 30 million, were increased to Euro 37 million and maturity was extended from August 2023 to June 2025;
- carve outs for Receivables Finance Facilities and Permitted Indebtedness were increased from Euro 160 million to Euro 210 million.

The current financial structure results in aggregate Term Loans amounting to Euro 180 million, with an extended duration and additional room allowed for Short-Term indebtedness. No maintenance financial covenants are foreseen by the Senior Facilities Agreement, with the exception of a leverage ratio in case of RCF usage, in line with the previous agreement.

With regard to the Receivables Finance Facilities, in addition to the Euro 60 million Securitisation Program over the receivables of the Italian Company undertaken in 2021, in 2022 the Group has entered into two further receivable financing agreements for aggregate Euro 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 implication on the Group commercial performance of the current macroeconomic trends affecting the various European countries economies. Under this respect Managers noted the Group achieved a good performance in 2022, despite the many challenges faced, in terms of supply chain disruption, rising commodity prices and global impact of the Russia-Ukraine conflict. Whilst in the first four months of 2023, sales are below 2022 performance, Management is confident that 2023 EBITDA will be higher, influenced in part by improved gross margin performance.

In the light of the circumstances described above, Managers deem the going concern assumption appropriate for the preparation of the Consolidated Financial Statements as of December 31, 2022.

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	**December 31, 2022**	**December 31, 2021**	**2022**	**2021**
STIGA C S.à.r.l. Statutory Financial Statements	**157,273**	**115,250**	**42,022**	**(2,673)**
- Difference in Values of Investments and Equity	-	-		
- Investments' Value Elimination	(290,537)	(245,685)	(45,000)	-
- Equity and Net Result of Consolidated Companies	241,655	220,578	44,437	17,952
- Goodwill arising in Consolidation	91,661	91,661	-	853
- Dividends Elimination	(4,334)	(4,114)	(17,980)	(9,957)
- Elimination of IC Gains on Assets Disposals and IC Profit on Inventory	(6,674)	(3,060)	(3,614)	(76)
- Other Consolidation Entries	1,909	1,039	2,893	(5,056)
Consolidated Financial Statements	**190,953**	**175,669**	**22,758**	**1,043**
- Non-Controlling Interests	(186)	(206)	(262)	(220)
Consolidated Financial Statements - Attributable to the Owner of Stiga C S.à.r.l.	**190,767**	**175,463**	**22,495**	**823**

Notes to the Consolidated Financial Statements

(1) Intangible Assets

Euro 000's	Development costs	Software & Licenses	Trademarks & Patents	Goodwill	Other	Total
Carrying amount at the beginning of the Fiscal Year	**23,078**	**3,150**	**729**	**91,661**	**217**	**118,835**
Additions	7,638	1,560	650	-	-	9,848
Decrease	(18)	(5)	-	-	-	(23)
Amortisation	(8,799)	(1,317)	(369)	-	(107)	(10,592)
Translation differences	6	(1)	2	-	3	10
Carrying amount at the end of the Fiscal Year	**21,905**	**3,387**	**1,012**	**91,661**	**113**	**118,078**

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 center in Italy (Euro 7.6 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 (CRM) and the new products website. The increase of the year is mainly related to the capitalisation of the supply chain optimisation and evolution (Euro 1.1 million)

The net book value of Trademarks and Patents refers to the patents related to autonomous robot (Euro 0.9 million) and trademark Atco (Euro 0.1 million) purchased by Stiga S.p.A (Italy) in the previous years.

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 December 31, 2022 was based upon future cash flows as resulting from the Budget 2023 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 Euro 392 million and Euro 191 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 year 2023 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 2.5% and the Weighted Average Cost of Capital (WACC) rate set at 10.70%. Those rates reflect current estimates of inflation rates and market values of interest rates and industry risks.

The sustainability of the results of the impairment testing has been corroborated, 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;

This sensitivity analysis performed separately for each of the above assumptions would not, however, result in write-downs to be recorded as at December 31, 2022.

Notes to the Consolidated Financial Statements

(2) Tangible Assets

Euro 000's	Land & Buildings	Plant & Machinery	Tools and Equipment	Other tangible fixed Assets	ROU	Total
Carrying amount at the beginning of the Fiscal Year	**32,292**	**7,421**	**17,810**	**3,273**	**8,205**	**69,000**
Additions	1,670	1,075	3,185	1,633	2,883	10,446
Decreases	(292)	(6)	(189)		-	(487)
Reclassifications	-	130	(130)		-	-
Depreciation	(1,604)	(1,729)	(5,735)	(1,847)	(4,672)	(15,587)
Translation differences	(161)	(8)	(72)	89	(43)	(195)
Carrying amount at the end of the Fiscal Year	**31,905**	**6,883**	**14,869**	**3,148**	**6,373**	**63,178**

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. (Euro 4.9 million, out of which Euro 1.4 million for a sprinkler system), Stiga (Guangzhou) Garden Products Co. Ltd (Euro 1.2 million), Stiga Slovakia S.r.o. (Euro 0.4 million), Stiga S.a.S (Euro 0.3 million) and Stiga Gmbh (Euro 0.2 million). As in prior years, these investments aim at improving the Group's efficiency and capability to meet future demand for its products. Decrease in Land and Building mainly refers to the sale of the building owned by Stiga S.p.A. in Steinbourg (France), where until July 2021 were located Stiga S.a.s offices.

ROU mainly refers to warehouses and offices rentals agreements in Italy, Germany, France, Sweden, 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 below 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 based in Poprad – Slovak Republic. The industrial project was abandoned and the investment is valued in these Consolidated Financial Statements using the Equity method which led to accounting for a provision amounting to Euro 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 Euro 40.6 million includes:

- For Euro 37.0 million the loan to the parent company Stiga S.A. (Euro 34.7 million in the previous period) regulated by an intercompany agreement signed on August 30, 2017;
- For Euro 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 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 Euro 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 refers to prepaid expenses on the RCF that the Group incurred in 2022 following the refinancing process. They are amortised on a straight-line basis according to the duration of the facilities; the current portion of these prepaid expenses is included in Other Short-Term Assets.

Notes to the Consolidated Financial Statements

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

This caption includes Deferred Tax Assets for Euro 18.7 million. We report below a detail of Deferred Tax Assets and relevant movements during the year:

Euro '000s	Taxed Provisions	Tax losses	Interest costs non deductible	Hedging Instruments	Total
Balance at January 1,2022	**3,911**	**10,989**	**3,821**	**(680)**	**18,041**
Credited to the Income Statement	1,704				1,704
Charged to the Income Statement		(2,040)	(425)		(2,465)
Credited (Charged) to Equity				1,281	1,281
Movements in Long-Term Tax Receivables	189				189
Balance at December 31,2022	**5,804**	**8,949**	**3,396**	**601**	**18,750**

We report the same detail for the previous period:

Euro '000s	Taxed Provisions	Tax losses	Interest costs non deductible	Hedging Instruments	Total
Balance at January 1,2021	**4,267**	**38**	**-**	**1,746**	**6,051**
Credited to the Income Statement		11,109	3,821		14,930
Charged to the Income Statement	(414)	(158)			(572)
Credited (Charged) to Equity	58			(2,426)	(2,368)
Balance at December 31,2021	**3,911**	**10,989**	**3,821**	**(680)**	**18,041**

Deferred Tax Assets on taxed provisions for Euro 5.8 million mainly refer to Italy, China, Slovakia and Poland and are calculated on the 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 on interest costs not deducted recognised in 2021 for Euro 14.9 million, were used in 2022 for Euro 2.5 million. At December 31, 2022 no further Deferred Tax Assets were recognised in the Consolidated Statement of Financial Position. The total unused tax losses for which no deferred tax assets have been recognised in the Statement of Financial Position amount to Euro 116 million, of which Euro 104.6 million related to Stiga C S.à.r.l and Euro 11.4 million related to Stiga SpA.

Deferred Tax Assets on hedging instruments increased by Euro 1.3 million, leading to a year end balance of Euro 0.6 million; the value refers to the fiscal impact on the fair value of exchange rate hedging contracts classified as Cash Flow Hedges. Following the refinancing that took place in July 2022, the reserve related to the fair value of the Interest Rate Swaps was fully expensed during the year and as a consequence also the fiscal impact of interest rate hedging contracts was accounted for in deferred tax assets account.

Notes to the Consolidated Financial Statements

(7) Inventories

The following table shows details of Inventory categories as of December 31, 2022 compared to the previous financial period figures.

Euro 000's	Dec 31, 2022	Dec 31, 2021
Raw Materials and Components		
Gross value	57,938	54,702
Obsolescence Reserve	(3,653)	(1,221)
Net Value	54,285	53,481
Work in Progress		
Gross Value	16,581	12,844
Obsolescence Reserve	(752)	(787)
Net Value	15,829	12,057
Finished Goods and Spare Parts		
Gross Value	110,188	102,505
Obsolescence Reserve	(5,749)	(3,863)
Net Value	104,439	98,642
Total Net Inventories	**174,552**	**164,181**

Stocks of raw materials and components refer to the production units, in particular Italy for Euro 24.1 million, Slovakia for Euro 18.9 million and China for Euro 12.1 million. Work in progress is mainly located in Italy (Euro 14.9 million) while finished goods are stored partly in the three production facilities (Euro 49.4 million) and partly in the other commercial subsidiaries (Euro 42.6 million).

Spare parts are mainly located in the Belgian warehouse of Stiga S.p.A. (Euro 11.8 million).

The total Inventory increase of Euro 10.4 million is mainly due to the strategic decision to purchase in advance all the components of the autonomous robot in a situation of uncertainty in the supply chain to grant the delivery of the product which has been launched on the market in January 2023.

Obsolescence Reserve amounting to Euro 10.2 million (Euro 5.9 million in the previous period) was recorded mainly in Italy (Euro 5.2 million), Slovakia (Euro 2.4 million), China (Euro 0.5 million), UK (Euro 0.5 million), Germany (Euro 0.3 million), Sweden (Euro 0.3 million) and France (Euro 0.3 million). Moreover, a provision was also accrued for the inventory of the Russian subsidiary (Euro 1.0 million). The total amount of the reserve as of December 31, 2022 is considered adequate to cover known and expected losses in inventory.

The Obsolescence Provision Reserve movement during the 2022 fiscal year has been as follows:

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

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

Euro 000's	Dec 31, 2020	Provision	Use and release	Translation difference	Dec 31, 2021
Obsolescence Reserve	(6,786)	(1,625)	2,593	(53)	(5,871)

Notes to the Consolidated Financial Statements

(8) Trade Receivables

Euro 000's	Dec 31, 2022	Dec 31, 2021
Trade Receivables due from Third Parties	107,378	81,421
Allowance for Doubtful Accounts	(2,425)	(1,799)
Total Trade Receivables	**104,953**	**79,622**

All Trade Receivables are due within one year. They refer mainly to Italy (Euro 69.9 million), UK (Euro 13.1 million), Poland (Euro 4.8 million), Finland (Euro 2.4 million), France (Euro 2.0 million), Germany (Euro 2.0 million) and Netherlands (Euro 1.4 million). Additionally, the Slovakian subsidiary shows Euro 4.6 million as Trade Receivables, composed by credit towards suppliers.

The increase in Trade Receivables amounts to Euro 25.3 million and is due for Euro 18.4 million for a different phasing in sales compared to 2021.

The overdue balance amounts to Euro 19.2 million compared to Euro 11.7 million in the previous period; the increase is mainly in the range longer than 90 days and is mostly due to high trade stock at our customers after the high season, leading to a delayed cash-in that is going to be recovered in 2023.

The Allowance for Doubtful Accounts relates mainly to France (Euro 0.8 million), Italy (Euro 0.4 million), UK (Euro 0.3 million), Poland (Euro 0.2 million), Denmark (Euro 0.2 million) and Netherlands (Euro 0.2 million) and it is considered adequate to cover known and expected losses in Receivables.

The Allowance for Doubtful Accounts movement during the 2022 fiscal year has been as follows:

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

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

Euro 000's	Dec 31, 2020	Provision	Use and release	Translation difference	Dec 31, 2021
Allowances for Doubtful Accounts	(1,262)	(855)	346	(28)	(1,799)

Notes to the Consolidated Financial Statements

(9) Financial Short-Term Assets

This caption, amounting to Euro 7.4 million, includes Financial Assets due within twelve months:

Euro 000's	Dec 31, 2022	Dec 31, 2021
Life Insurance	3,116	37,156
Other Financial Assets	433	377
Financial Receivables	272	291
MTM Hedging Instruments	3,538	-
Total Financial Short-Term Assets	**7,359**	**37,823**

The Life Insurance refers to a policy contract subscribed with Credit Agricole Vita in May 2014 in order to invest the excess of liquidity; the instrument can be reimbursed upon request in a short period. In 2022 the policy was released for Euro 34.0 million, with a remaining outstanding value of Euro 3.1 million.

The item "MtM Hedging Instruments" refer to the fair value of the Interest Rate Swap contracts for a notional amount of Euro 180 million, undertaken to hedge the Group financial indebtedness; in the previous fiscal year the fair value was negative and reported under Note 14. Details about such derivatives are given in Note 33.

(10) Other Short-Term Assets

Euro 000's	Dec 31, 2022	Dec 31, 2021
Hedging Instruments	770	6,576
Claims for VAT	4,905	9,634
Other Tax Receivables	5,101	2,938
Accruals and Prepayment Short-Term	1,471	1,685
Other Debtors	431	898
Total Other Short-Term Assets	**12,680**	**21,731**

All Short-Term Assets are due within one year. The claims for VAT refer mainly to Slovakia (Euro 2.6 million) and China (Euro 2.4 million). Other tax Receivables include advance taxes (Euro 2.7 million) and Italy R&D tax credit (Euro 2.4 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

Euro 000's	Dec 31, 2022	Dec 31, 2021
Bank Accounts	43,471	50,620
Cash and Cash Equivalents	242	690
Total Cash and Cash Equivalents	**43,713**	**51,310**

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 December 31, 2022 the total share capital of Stiga C S.à r.l. is equal to Euro 18,883,900 represented by 755,356 ordinary shares, fully paid, with a nominal value of Euro 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, more specifically Euro 1.9 million related to negative fair value of forwards accounted for the Cash Flow Hedging of changes rate fluctuations.

The reserve relating to the fair value of Interest Rate Swaps was fully expensed during the fiscal year, following the refinancing process that took place in July 2022.

Capital Contribution

The reserve included 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. The reserve was accrued in 2020 and at 31 December 2022 the value has been decreased by Euro 2.2 million compared to previous year, reflecting the fair value of the Incentive Plan as of December 31, 2022, 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) entity.

Notes to the Consolidated Financial Statements

(13) Bank Borrowings

Euro 000's	Within one year	Between one and five years	Dec 31, 2022	Dec 31, 2021
Term Loan B1	-	140,417	140,417	180,000
Term Loan B	-	39,583	39,583	-
Borrowing costs on Term Loan B	-	-	-	(2,276)
Borrowing costs on Term Loan B1	(286)	(618)	(904)	-
Subsidised Financing	2,426	1,329	3,755	4,604
Securitisation	36,235		36,235	28,064
Total Bank Borrowings	**38,375**	**180,711**	**219,086**	**210,392**

Following the amend and extend process of the Senior Facilities Agreement occurred in July 2022, the current financial structure of the Group is composed of a new facility, Term Loan B1, amounting to Euro 140.4 million and having maturity date February 2026. Term Loan B is currently outstanding for Euro 39.6 million (previously Euro 180 million) and is due in August 2024.

Interests are 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 are paid bi-annually in May and November.

As part of the finalisation of the Amendment and Restatement Agreement, the Group incurred in legal costs and upfront fees treated accordingly to the amortised cost method on the basis of effective interest rate; the outstanding amount at December 31, 2022 is Euro -0.9 million. Additionally, the refinancing of the debt accelerated the amortisation of the borrowing costs incurred in 2017, whose value at year end is null.

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 Euro 10.9 million, against which subsidised and bank loans for a total of Euro 7.4 million and non-repayable grant for a total of Euro 2.2 million were obtained. The current aggregated outstanding loan balance is Euro 3.8 million, with the final 10% drawdown to be made in April 2023.

Furthermore, in October 2021 Stiga S.p.A. entered into a Securitisation Agreement over its receivables for an amount up to Euro 60 million. The facility entails a recurring drawdown based on the assigned receivables, leading to an outstanding borrowing at year end of Euro 36.2 million (Euro 28.1 million in 2021).

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

Euro 000's	Between one and five years	Dec 31, 2022	Dec 31, 2021
MTM Hedging Instruments	-	-	4,342
Other Financial Liabilities Long-Term	3,283	3,283	4,053
Total Other Financial Long-Term Liabilities	**3,283**	**3,283**	**8,395**

The item "MtM Hedging Instruments" refers to the fair value of the Interest Rate Swap undertaken to hedge the Group financial indebtedness; being positive at year end, the fair value is currently reported under Note 9. 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 Euro 2.1 million and include:

- The employees leaving indemnity as required under Italian law (so called "Trattamento di Fine Rapporto", here in after "TFR") for Euro 1.7 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) for Euro 0.1 million;
- The defined benefit pension fund regarding Stiga GmbH (Austria) for Euro 0.2 million;
- The remaining portion of the pension fund PRI (Pension Registration Institute) accrued by Sweden for Euro 0.1 million after the repayment of the most part 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) for Euro 0.0 million.

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

Euro 000's	Current Year	Prior year
Defined Benefit Obligation - Opening Balance	2,347	2,648
Service cost		5
Interest cost	17	(81)
Benefits paid	(144)	(222)
Translation differences	(8)	(3)
Expected Defined Obligation - Closing Balance	2,212	2,347
Actuarial (gains) losses	(152)	
Defined Benefit Obligation - Closing Balance	**2,060**	**2,347**

Notes to the Consolidated Financial Statements

The main defined benefit plan in place as of December 31, 2022 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	Dec 31, 2022	Dec 31, 2021
Discount rate	3.57%	0.44%
Future salary increase	3.23%	2.81%
Inflation rate	2.30%	1.75%
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 7-10 at the calculation date was used as the benchmark for the discount rate. This expiry 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:

Dec 31, 2022	Euro 000's
Turnover Rate +1%	1,740
Turnover Rate -1%	1,728
Inflation Rate +0,25%	1,751
Inflation Rate -0,25%	1,718
Actual discount rate +0,25%	1,708
Actual discount rate -0,25%	1,761

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: Euro 210 thousands; Year 2: Euro 184 thousands; Year 3: Euro 174 thousands; Year 4: Euro 191 thousands; Year 5: Euro 133 thousands.

Notes to the Consolidated Financial Statements

(16) Other Long-Term Provisions

The item Other Long-Term Provisions, amounting to Euro 5.1 million, is composed as follows:

Euro 000's	Warranty	Other	Total
Balance at January 1, 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 at December 31, 2022	**4,620**	**432**	**5,052**

We report the same detail for the previous period:

Euro 000's	Warranty	Other	Total
Balance at January 1, 2021	**5,194**	**371**	**5,565**
Cost accrued	5,385	65	5,450
Use/release	(5,474)	(40)	(5,515)
Translation differences	97	3	100
Balance at December 31, 2021	**5,202**	**398**	**5,600**

The Warranty Provision refers to mandatory duties according with local tax laws and mainly results from accruals created in Germany (Euro 1.1 million), UK (Euro 0.9 million), Italy (Euro 0.6 million), Poland (Euro 0.5 million) and France (Euro 0.3 million) in order to cover eventual future costs related to products defects. The provision was calculated on the basis of historical incurred claim rates.

The Other Provision includes mainly the provision for agents' leaving indemnities for Euro 0.3 million accounted for liabilities regarding termination indemnities potentially due to sales agents 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 Euro 1.0 million to the fiscal impact of accelerated depreciation charges on fixed assets calculated in accordance with local laws in Slovakia and Italy, for Euro 0.2 million to Swedish untaxed reserve and for Euro 0.3 million to other temporary differences between tax and book values.

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

We report the same detail for the previous period:

Euro 000's	Accelerated Tax Depreciation	Swedish Untaxed Reserves	Other	Total
Balance at January 1, 2021	**1,495**	**327**	**293**	**2,115**
Credited to the Income Statement	(232)	(153)	(32)	(417)
Balance at December 31, 2021	**1,263**	**174**	**261**	**1,698**

Notes to the Consolidated Financial Statements

(18) Trade Payables

Trade Payables, amounting to Euro 130.3 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.

Euro 000's	Dec 31, 2022	Dec 31, 2021
Trade Payables	130,281	163,771

All Trade Payables are due within one year. The overdue balance amounts to Euro 12.1 million (Euro 16.7 million in the previous period), of which Euro 9.6 million overdue since 0-30 days (Euro 11.5 million in the previous period), Euro 2.1 million overdue since 30-60 days (Euro 3.9 million in the previous period), Euro 0.1 million overdue since 60-90 days (Euro 0.3 million in the previous period) and Euro 0.4 million overdue since more than 90 days (Euro 0.9 million in the previous period).

(19) Other Financial Short-Term Liabilities

This caption, amounting to Euro 4.5 million (Euro 5.3 million in the previous period), mainly includes:

- The debt due within 12 months related to leases accounted for according to IFRS 16 for Euro 3.3 million;
- The accrued interest on Term Loan B and B1 for an amount of Euro 1.2 million

(20) Other Short-Term Tax Liabilities

Euro 000's	Dec 31, 2022	Dec 31, 2021
Current Tax Payables	7,973	6,252
Provision Short-Term	1,307	2,097
Employees and Social Security Institutions	9,945	10,008
Accruals for Bonus to Employees	3,318	5,503
Hedging Instruments	3,274	728
Other Accrued Expenses and Deferred Incomes	1,037	758
Total Other Payables	**26,855**	**25,346**

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

- Euro 0.7 million of future liabilities in relation to possible litigations with employees (Euro 0.8 million in the previous period);
- Euro 0.6 million for other provisions for risks and charges (Euro 0.4 million in the previous period);
- Euro 0.1 million for fiscal risks related to the tax audit in Slovakia with reference to fiscal year 2019 and for which during 2022 Euro 0.7 million were paid to Slovakian authorities (Euro 0.8 million in the previous period).

Debts towards employees and social security institutions, totalling Euro 9.9 million, include amounts payable for salaries and wages and related social securities 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 Euro 3.3 million.

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 item are presented below:

Euro 000's	**2022**	**2021**
Gross Sales	660,137	593,939
Customer Bonuses and other Trade Discounts	(20,029)	(16,627)
Selling Commissions	(2,313)	(1,908)
Exchange Rates differences	(822)	(2,037)
Total Revenue	**636,973**	**573,367**

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

Euro 000's	**2022**	**2021**
Europe - Euro zone	411,282	346,798
Europe - no Euro zone	119,654	121,414
Rest of the world	106,038	105,156
Total Revenue	**636,973**	**573,367**

(23) Cost of Sales

This caption is composed as follows:

Euro 000's	**2022**	**2021**
Components and Traded Products	373,429	332,461
Outsourced Production costs	7,066	5,701
Transportation costs	50,579	36,418
Direct and Indirect Payroll costs	36,043	32,522
Industrial Depreciation charges	8,659	8,273
Industrial Overheads expenses	9,859	6,471
Exchange gain/loss on purchases	(15,624)	(4,566)
Total	**470,010**	**417,280**

Increase of Transportation costs from overseas affected by higher prices of containers and supply chain and ports congestion occurred during 2022.

Notes to the Consolidated Financial Statements

(24) Distribution Costs

Details about the nature of Distribution Costs are presented below:

Euro 000's	2022	2021
Freight out	29,568	27,762
Other Distribution costs	11,177	9,240
Distribution Labour costs	3,695	2,802
Logistic Depreciation	2,659	2,755
Total	**47,099**	**42,558**

Distribution costs increased compared to previous period mainly due to fuel indexation and higher Inventory level, impacting warehousing costs.

(25) Operating Expenses

Details about the nature of Operating Expenses are presented in the table opposite.

The increase is mainly driven by higher marketing and selling cost, following the investment in promotion and advertising of the new products.

Euro 000's	2022	2021
Labour costs	34,309	34,011
Other Marketing and Selling costs	23,649	17,214
BOD and Statutory Audit	516	628
Management Incentive Plan	(2,221)	(356)
Operating Depreciation	4,270	4,037
Amortisation and Write-down	10,592	9,589
Other General and Administration costs	10,226	8,595
Total	**81,340**	**73,718**

The Other General and Administration Costs mainly include administrative consultancies and legal expenses, ICT maintenance, insurance and other administrative expenses. The Operating Expenses include the release of the NEDIP provision by Euro 2.2 million, reflecting the fair value of the Incentive Plan as of December 31, 2022, adjusted according to a time-based provision foreseen in the NEDIP.

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

Euro 000's	2022	2021
Audit fees	508	479
Audit-related fees	8	11
Total	**516**	**490**

For further information, as required by Luxembourg compliance, 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:

Euro 000's	2022	2021
Non-Repayable Contribution	290	727
Rental Income	1,120	816
R&D Grants on innovative new products	1,445	492
Energy Contribution	238	
Sickness Fund Refund	51	462
China Government Subsidies	417	135
Gains on Assets Disposal	819	14
Contingent Assets	446	106
Other Operating Income	519	453
Total	**5,345**	**3,204**

Non-Repayable Contribution represents the portion pertaining to the fiscal year 2022 of the total amount granted to Stiga S.p.A. for Euro 2.2 million. Rental Income refers to the premises rented by Italy (Euro 0.5 million) and Sweden (Euro 0.6 million). R&D Grants on innovative products at Euro 1.5 million, of which Euro 0.8 million referred to 2021. China Government Subsidies at Euro 0.4 million are mainly related to incentives obtained thanks to increase of export volumes and growth of the business. Gain on Assets Disposal is mainly referred to the sale of the building owned by Stiga S.p.A. in Steinbourg (France), where until July 2021 were located Stiga S.a.s offices.

(27) Other Operating Expenses

Euro 000's	2022	2021
Bad Debt Provision	955	569
Warranty Provision	4,434	5,364
Losses on Assets Disposal	215	92
Contingent Liabilities	212	100
Other Operating Expenses	288	180
Total	**6,105**	**6,305**

(28) Payroll

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

Average number of employees	2022	2021
Italy	684	618
Slovakia	421	481
China	346	277
Germany	45	45
UK	43	45
Other	175	174
Total	**1,714**	**1,640**

Notes to the Consolidated Financial Statements

The detail of payroll costs is the following:

Euro 000's	2022	2021
Salaries	60,608	57,281
Pension and Social Security costs	12,515	10,969
Other personnel costs	923	1,085
Total	**74,046**	**69,335**

(29) Financial Income and Expenses

Euro 000's	2022	2021
Net Exchange Rate gains	-	1,139
Interest Income Short-Term	2,492	2,206
Positive diff. In fair value of derivative fin. Instr.	3,106	-
Other Interest Income	463	444
Total interest Income	**6,061**	**3,789**

Interest Income Short-Term includes the interest income on financial loan granted to the parent company Stiga S.A. for Euro 2.0 million.

Euro 000's	2022	2021
Net Exchange Rate losses	(315)	-
Interest on Long-Term Debt	(8,368)	(9,002)
Interest on Short-Term Facilities	(1,232)	(141)
Loan Fees Amortisation	(2,736)	(2,335)
Commitment Fees	(415)	(732)
Financial Receivables Write-Off (Release)	(66)	(43)
Bank and Other Charges	(322)	(319)
Negative diff. In fair value of derivative fin. Instr.	-	(2,034)
Other Financial Expenses	(1,058)	(893)
Total Interest Expenses	**(14,512)**	**(15,500)**
Total Net Financial Expenses	**(8,451)**	**(11,711)**

The difference in fair value of derivative financial instruments compared to the previous period amounts to Euro 5.1 million and is related to the outstanding interest rate hedging contracts. Following the breakage of the founding economic relationship between the hedged item and the hedging instrument that occurred in 2019, such contracts are no longer being treated as Cash Flow Hedging as per IFRS 9 and all the fluctuations in the fair value are booked directly through profit and loss.

Furthermore, following the refinancing process that took place in July 2022, the reserve relating to the fair value of Interest Rate Swaps, amounting to Euro -2.3 million as of December 31, 2021, was fully expensed.

Notes to the Consolidated Financial Statements

Interest on Long-Term Debt refer to interest charges on the Term Loan B and Term Loan B1 as foreseen in the Amendment & Restatement Agreement signed on July 26, 2022.

Interests on Short-Term Facilities are related to the RCF utilisation made in spring 2022 during the peak of trade working capital absorption, and the Securitisation program undertaken in October 2021 which entails a recurring facility drawdown.

Loan Fees Amortisation includes the amount charged to the income statement regarding borrowing costs (bank fees paid in advance and consultancy fees) accounted for using the Amortised Cost method and borrowing costs of the RCF amortised on a straight-line method. Following the recent refinancing, the remaining balance of the borrowing costs incurred in 2017 was expensed in the fiscal year.

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

Exchange Rate differences derive mainly from intercompany loans among the Group companies when they are not denominated in the same functional currency used by the borrower or the lender.

(30) Income Tax

Taxes on profits include current tax expenditure for Euro 6.1 million and Net Deferred Tax effect charged to the Consolidated Income Statement for Euro 0.4 million. Details about Income Taxes are presented in the table opposite.

Euro 000's	2022	2021
Current Taxes	(6,132)	(6,175)
Net Deferred Tax Liabilities and Assets charged to P&L	(423)	14,772
Total Income Taxes	**(6,555)**	**8,597**

The current tax expenditure is generated mainly in China, Slovakia, Italy and Germany; the local income tax rates applied vary between 15% and 29%. The following table shows the reconciliation of the theoretical tax charge with the effective tax charge:

Euro 000's	2022	2021
Profit Before Taxes	**29,313**	**24,999**
Theoretical Taxes (24%)	(7,035)	(5,999)
Deferred Tax Assets on unused Tax Losses and on Non-deductible Interest write-off	(2,464)	14,930
Non-deductible Expenses	(2,307)	(572)
Non-Taxable Income	2,799	1,147
Other (*)	2,452	(909)
Total Income Taxes	**(6,555)**	**(8,597)**

(*) Mostly refers to the Net Tax Effect of permanent differences, of different tax rates applied abroad relative 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-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 Euro 37.0 million at the end of the fiscal year; the interests accrued during the financial year ended December 31, 2022 on such intercompany loan amounted to Euro 2.0 million.
- to the associate Eurotillers a loan amounting to Euro 1.5 million.
- to certain Board members of Stiga S.A. loans at market conditions amounting in total to Euro 2.1 million at the end of the 2022 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 December 31, 2022 to members of the Board of Managers amounted to Euro 439 thousand; fees paid to the Italian Statutory Auditors (so called "Collegio Sindacale") board amounted to Euro 77 thousand and total independent external auditors' fees were Euro 508 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 and uses derivatives financial instruments to manage the relevant risk;
- 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.

Credit Risk

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 following table 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 year end were held mainly with Intesa Sanpaolo (Euro 28.0 million) having a S&P credit rating of BBB, with Credit Agricole (Euro 7.8 million) having a S&P credit rating of A+ and with Bank of China (Euro 4.0 million) having a S&P credit rating of A+.

Trade Receivables **Euro 000's**	**Dec 31, 2022**	**Dec 31, 2021**
Current	88,182	69,737
Overdue 0-30 days	5,944	5,412
Overdue 30-60 days	1,482	1,380
Overdue 60-90 days	829	2,035
Overdue more than 90 days + legal	10,941	2,858
Provision	(2,425)	(1,799)
Total	**104,953**	**79,622**

Notes to the Consolidated Financial Statements

Liquidity Risk

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 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 amend and extend of the term loan and the RCF.

The following table analyses the Financial Liabilities, Trade Payables and Other Liabilities, analysed by maturity and exposed to undiscounted future nominal cash flows, determined by reference to the contractual timing of the Financial Statement date.

Euro 000's	**At 31/12/2022**	**< 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	*219,990*	*38,661*	*181,329*	-
Amortised cost effect	*(904)*	*(286)*	*(618)*	-
Bank Borrowings	219,086	38,375	180,711	-
Other Financial Liabilities	1,193	1,193		-
Other Liabilities	27,604	26,855	749	-
Total	**388,028**	**203,290**	**184,738**	**-**

Notes to the Consolidated Financial Statements

The same breakdown for 31 December 2021 was as follows:

Euro 000's	At 31/12/2021	< 1 year	1 - 5 years	> 5 years
Trade Payables	163,771	163,771	0	-
Hedging instruments	4,367	2,546	1,821	-
Finance Lease Liabilities	8,420	4,392	4,028	-
Bank Borrowings - capital portion	*212,668*	*29,636*	*183,032*	-
Amortised cost effect	*(2,276)*	*(818)*	*(1,458)*	-
Bank Borrowings	210,392	28,818	181,574	-
Other Financial Liabilities	946	946		-
Other Liabilities	26,262	25,346	916	-
Total	**414,158**	**225,819**	**188,339**	**-**

Regarding the interest to be paid on the Bank Borrowings, it is common knowledge that in 2022 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 3%, it may be estimated at Euro 5.4 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, i.e. Euro 8.4 million interest charges per year). For the fiscal year 2023 this risk is mitigated by the outstanding Interest Rate Swap contracts.

From a sensitivity perspective, with long-term loans amounting to Euro 180 million, the yearly impact of a change of 0.50% in the Euribor would affect the P&L Statement for Euro 0.9 million.

With regard to the short-term Indebtedness, assuming an average facilities drawdown as per the current fiscal year, market rates in the range of 3% would increase the financial charges by Euro 1.5 million.

Notes to the Consolidated Financial Statements

Exchange Rate Risk

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 2022 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, due to sales in other non-Euro markets.

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

At December 31, 2022 the following hedging contracts put in place during the fiscal year were still outstanding with primary bank counterparties (BNP Paribas, Intesa San Paolo, Crédit Agricole, Deutsche Bank, HSBC, KBC):

- n. 5 Call Forward contract for a notional amount of total USD 10.95 million, expiring in January - March 2023; as of December 31, 2022 the fair value of such contracts was positive and amounting to Euro 560 thousand;
- n. 21 Call Forward contract for a notional amount of total CNH 295.5 million, expiring in January - March 2023; as of December 31, 2022 the fair value of such contracts was positive and amounting to Euro 376 thousand;
- n. 5 Put Forward contracts for a notional amount of GBP 6.8 million, expiring in January 2023; as of December 31, 2022 the fair value of such contract was positive and amounting to Euro 209 thousand;
- n. 3 Put Forward contracts for a notional amount of NOK 8.5 million, expiring in January 2023; as of December 31, 2022 the fair value of such contracts was positive and amounting to Euro 5 thousand;
- n.1 Put Forward contract for a notional amount of CZK 10 million, expiring in January 2023; as of December 31, 2022 the fair value of such contract was negative and amounting to Euro -14 thousand;
- n. 10 Forward contracts in USD, CNH and GBP expiring in January 2023 for a net notional amount equal to zero due to a netting effect; as of December 31, 2022 the fair value of such contracts was positive and amounting to Euro 360 thousand.

According to hedge accounting, the above mentioned fair value has been accounted in the Consolidated Income Statement for an aggregate total positive value of Euro 1.498 thousand.

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 2023 foreign exchange risk. Such contracts are listed below:

- n. 27 Call Forward contracts for a notional amount of total USD 71 million, expiring between March and December 2023; as of December 31, 2022 the fair value of these instruments was negative and amounting to Euro -721 thousand;
- n. 74 Call Forward contracts for a notional amount of total CNH 1.105 million, expiring between February 2023 and January 2024; as of December 31, 2022 the fair value of these instruments was negative and amounting to Euro -2.297 thousand.
- n. 15 Put Forward contracts for a notional amount of total GBP 19 million, expiring between February and August 2023; as of December 31, 2022 the fair value of these instruments was positive and amounting to Euro 671 thousand;
- n. 2 Put Forward contracts for a notional amount of total SEK 10 million, expiring between March and April 2023; as of December 31, 2022 the fair value of these instruments was positive and amounting to Euro 37 thousand;
- n. 5 Put Forward contracts for a notional amount of total DKK 35 million, expiring between February and June 2023; as of December 31, 2022 the fair value of these instruments was negative and amounting to Euro -3 thousand;
- n. 9 Put Forward contracts for a notional amount of total CZK 122 million, expiring between January and June 2023; as of December 31, 2022 the fair value of these instruments was negative and amounting to Euro -73 thousand;
- n. 3 Put Forward contracts for a notional amount of total NOK 9 million, expiring between March and May 2023; as of December 31, 2022 the fair value of these instruments was positive and amounting to Euro 62 thousand;
- n. 10 Put Forward contracts for a notional amount of total PLN 60 million, expiring between March and June 2023; as of December 31, 2022 the fair value of these instruments was negative and amounting to Euro -175 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.

Notes to the Consolidated Financial Statements

Interest Rate Risk

The 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. Such risk on the future streams is currently hedged with four Interest Rate Swap contracts for a total of Euro 180 million and expiry date November 30, 2023. As described in Note 29, such swaps are no longer being treated as Cash Flow Hedging according to IFRS 9 due to the breakage of the founding economic relationship between the hedged item and the hedging instrument occurred in May 2019.

Counterparties to these agreements are major Italian and international financial institutions, as per below table:

Counterparty	Amount Euro 000's	Expiration Date	Variable Rate	Fair Value Euro 000's	S&P Rating
HSBC	60,000	30/11/2023	Euribor 6 m	1.261	A+
CREDIT AGRICOLE	30,000	30/11/2023	Euribor 6 m	632	A+
CREDIT AGRICOLE	20,000	30/11/2023	Euribor 6 m	418	A+
KBC	70,000	30/11/2023	Euribor 6 m	1.463	A+

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 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:

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

The Group determined the fair value of the derivatives existing on December 31, 2022 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, SEK, CZK, DKK, NOK, PLN and GBP.

The following table summarises the outstanding exchange rates hedging contracts of the Group as of December 31, 2022 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	Dec 31, 2022	USD		911		
			CNH		386		
			GBP		210		
			NOK		5		
							1,512
Hedging Contracts on Fx	Trade Payables	Dec 31, 2022	CZK		(14)		
							(14)
Hedging Contracts on Fx	Other Short-Term Assets	Dec 31, 2022	GBP		671		
			NOK		62		
			SEK		37		
							770
Hedging Contracts on Fx	Other Short-Term Liabilities	Dec 31, 2022	CNH		(2,297)		
			USD		(721)		
			PLN		(175)		
			CZK		(72)		
			DKK		(3)		
							(3,268)
							(1,000)

As of December 31, 2022 the Group did not have any Level 3 fair value measurements. In addition, Group portfolio includes four IRS, whose fair values as of December 31, 2022 is summarised in the following table:

Description	Classification	Date	Curr	Fair Value (ctv Eur/1000)		
				Level 1	Level 2	Level 3
Hedging Contracts on Interest Rate	Other Financial Long-Term Liabilities	Dec 31, 2022	EUR		3,538	

The measurement of the exposure of the Group to the risk of variability on fair value of the above mentioned IRS in place as at December 31, 2022 has been carried out through a sensitivity analysis that shows the effects on the Consolidated Income Statement which would be encountered in the case of an hypothetical shift of the curve of forward market rates amounting to +/- 50 basis points. In light of the fact that Euribor is currently significantly higher than the zero floor, either the increase or decrease of the trend of forward rates would be neutral.

It has to 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 September 1, 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 at December 31, 2022, 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 risk, the following table set forth an analysis of the Group's Financial Assets and Liabilities by category at December 31, 2022:

Euro 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			11,909		770	**12,680**
Equity Investments	5					**5**
Financial Long-Term Assets			40,627			**40,627**
Other Long-Term Assets			332			**332**
Trade Payables				(130,281)		**(130,281)**
Bank Borrowings Short-Term				(38,661)		**(38,661)**
Other Financial Short-Term Liabilities				(4,504)		**(4,504)**
Other Short-Term Liabilities				(23,581)	(3,274)	**(26,855)**
Bank Borrowings				(180,425)		**(180,425)**
Other Financial Long-Term Liabilities				(3,283)		**(3,283)**
Other Long-Term Liabilities				(749)		**(749)**

Notes to the Consolidated Financial Statements

The same table at December 31, 2021 was as follows:

Euro 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			51,310			**51,310**
Trade Receivables			79,622			**79,622**
Financial Short-Term Assets	37,156		667			**37,823**
Other Short-Term Assets			15,155		6,576	**21,731**
Equity Investments	5					**5**
Financial Long-Term Assets			38,466			**38,466**
Other Long-Term Assets			458			**458**
Trade Payables				(163,771)		**(163,771)**
Bank Borrowings Short-Term				(29,636)		**(29,636)**
Other Financial Short-Term Liabilities				(5,058)	(280)	**(5,338)**
Other Short-Term Liabilities				(24,618)	(728)	**(25,346)**
Bank Borrowings				(180,756)		**(180,756)**
Other Financial Long-Term Liabilities				(4,028)	(4,367)	**(8,395)**
Other Long-Term Liabilities				(916)		**(916)**

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

In the first four months of the new fiscal year, sales are below 2022 performance and Budget.

The exposure of the Group in the markets directly or indirectly involved in the Russia-Ukraine conflict, at the date of preparation of these Financial Statements, is approximately 1.2% of the business volumes, in major part related to the Russian subsidiary, where sales operation are to be discontinued in the following months.

The macroeconomic development in Europe shows significant weaknesses and the level of inflation remains high. Management constantly monitors the situation and is committed to the implementation of the strategic guidelines outlined in the Business Plan.

May 25, 2023

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 Euro '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	169,000
	Luxembourg law pledge over bank accounts	5,401
	Luxembourg law pledge over certain intercompany Receivables	159,849
Stiga S.p.A. (Italy)	Italian law pledge over bank accounts	27,713
	Italian law pledge over certain IP rights	1,012
	Italian law special lien over movable Assets and other goods	113,380
	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 Euro '000
Stiga AB (Sweden)	Swedish law pledge over certain intercompany Receivables	19,819
	Swedish law pledge over real property mortgage certificates	606
	Swedish law pledge over corporate mortgage certificates	126
	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)	389
	Pledge over shares given by Stiga AB	see above
Stiga GmbH (Germany)	Security confirmation and pledge agreement over various securities agreement (including bank accounts)	75
	Pledge over shares given by Stiga AB	see above
Stiga Slovakia Sro (Slovakia)	Slovak law pledge over immovable Assets	15,467
	Slovak law pledge over movable Assets	25,432
	Slovak law pledge over rights and Receivables	10,561
	Pledge over shares given by Stiga Spa	see above

Appendix 2: Intangible Assets

The composition and changes during the year were as follows:

Euro 000's	Balance at Jan 1, 2022	Increase	Sales/ disposals	Amortisation and write-down	Reclassifications	Translation differences	Balance at Dec 31, 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 2: Intangible Assets

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

Euro 000's	Balance at Jan 1, 2021	Increase	Sales/ disposals	Amortisation and write-down	Reclassifications	Translation differences	Balance at Dec 31, 2021
Development costs							
Initial cost	60,799	9,887	(30)	-	5,280	-	75,936
Amortisation/write-down	(47,001)	-	13	(8,095)	-	(1)	(55,084)
Assets under constructions and payments on account	5,281	2,225	-	-	(5,280)	-	2,226
Net carrying amount	**19,079**	**12,112**	**(17)**	**(8,095)**	**-**	**(1)**	**23,078**
Software and licenses							
Initial cost	21,415	860	(38)	-	215	13	22,465
Amortisation/write-down	(18,843)	-	24	(1,216)	-	(9)	(20,044)
Assets under constructions and payments on account	222	722	-	-	(215)	-	729
Net carrying amount	**2,794**	**1,582**	**(14)**	**(1,216)**	**-**	**4**	**3,150**
Trademarks and Patents							
Initial cost	3,137	153	(1,690)	-	500	63	2,163
Amortisation/write-down	(2,821)	-	1,690	(239)	-	(63)	(1,433)
Assets under constructions and payments on account	499	-	-	-	(500)	-	(1)
Net carrying amount	**815**	**153**	**-**	**(239)**	**-**	**-**	**729**
Other							
Initial cost	398	216	-	-	-	3	617
Amortisation/write-down	(360)	-	-	(40)	-	-	(400)
Assets under constructions and payments on account	-	-	-	-	-	-	-
Net carrying amount	**38**	**216**	**-**	**(40)**	**-**	**3**	**217**
TOTAL							
Initial cost	85,749	11,116	(1,758)	-	5,995	79	101,181
Amortisation/write-down	(69,025)	-	1,727	(9,590)	-	(73)	(76,961)
Assets under constructions and payments on account	6,002	2,947	-	-	(5,995)	-	2,954
Net carrying amount	**22,726**	**14,063**	**(31)**	**(9,590)**	**-**	**6**	**27,174**
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 were as follows:

Euro 000's	Balance at Jan 1, 2022	Increase	Sales/ disposals	Amortisation and write-down	Reclassifications	Translation differences	Balance at Dec 31, 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**

Appendix 3: Tangible Assets

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

Euro 000's	Balance at Jan 1, 2021	Increase	Sales/ disposals	Amortisation and write-down	Reclassifications	Translation differences	Balance at Dec 31, 2021
Land & Buildings							
Initial cost	63,738	950	-	-	-	728	65,416
Depreciation/write-down	(31,336)	-	-	(1,590)	-	(307)	(33,233)
Assets under constructions and payments on account	23	85	-	-	-	-	108
Net carrying amount	**32,425**	**1,035**	**-**	**(1,590)**	**-**	**422**	**32,292**
Plant & Machinery	-						
Initial cost	72,824	1,458	(254)	-	-	341	74,369
Depreciation/write-down	(65,749)	-	183	(1,527)	-	(350)	(67,443)
Assets under constructions and payments on account	389	106	-	-	-	-	495
Net carrying amount	**7,464**	**1,564**	**(71)**	**(1,527)**	**-**	**(9)**	**7,421**
Tools & Equipment	-						
Initial cost	104,996	5,271	(1,350)	-	812	1,026	110,755
Depreciation/write-down	(88,412)	-	1,340	(5,377)	-	(605)	(93,054)
Assets under constructions and payments on account	13	767	-	-	(671)	-	109
Net carrying amount	**16,597**	**6,038**	**(10)**	**(5,377)**	**141**	**421**	**17,810**
Other tangible fixed Assets	-						
Initial cost	13,254	2,216	-	-	-	38	15,508
Depreciation/write-down	(10,597)	-	-	(1,709)	(141)	(19)	(12,466)
Assets under constructions and payments on account	231	-	-	-	-	-	231
Net carrying amount	**2,888**	**2,216**	**-**	**(1,709)**	**(141)**	**19**	**3,273**
Right of Use assets	-						
Initial cost	13,807	4,800	(3,588)	-	-	(51)	14,968
Depreciation/write-down	(5,487)	-	3,588	(4,864)	-	-	(6,763)
Assets under constructions and payments on account	-	-	-	-	-	-	-
Net carrying amount	**8,320**	**4,800**	**-**	**(4,864)**	**-**	**(51)**	**8,205**
TOTAL							
Initial cost	268,619	14,695	(5,192)	-	812	2,082	281,016
Depreciation/write-down	(201,581)	-	5,111	(15,067)	(141)	(1,281)	(212,959)
Assets under constructions and payments on account	656	958	-	-	(671)	-	943
Net carrying amount	**67,694**	**15,653**	**(81)**	**(15,067)**	**-**	**802**	**69,000**

Audit Report

STIGA

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 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

What we have audited

The Group’s consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- 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, which include a summary of significant accounting policies.

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.

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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 Luxembourg legal and regulatory requirements relating to the preparation and presentation of the consolidated financial statements, 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, 6 June 2023

Electronically signed by:
Alessio Chiesa

Alessio Chiesa