Deoleo, S.A. and subsidiaries

V. EXPLANATORY NOTES ACCOMPANYING THE INTERIM FINANCIAL STATEMENTS

1. Summary of significant accounting policies

A. Interim separate financial statements

The accounting criteria used to draw up these interim separate financial statements are those set down in Spain's General Accounting Plan (Spanish GAAP), enacted by means of Royal Decree 1514/2007, which took effect on 1 January 2008.

B. Interim consolidated financial statements

The accounting criteria used to draw up the interim consolidated financial statements are the International Financial Reporting Standards adopted to date by the European Union (IFRS-EU). Note that those standards were applied in a uniform manner with respect to the annual consolidated financial statements for the year ended 31 December 2022.

2. Going concern

The Parent's directors have prepared and authorised the interim separate and consolidated financial statements for 2023 on a going-concern basis.

3. Transaction cyclicality or seasonality

The business activities of the various entities comprising the Deoleo Group, taken together and for the current reporting period, are not materially seasonal or cyclical, which means that its recurring operating earnings were generated evenly over the period.

4. Critical accounting estimates and judgements

The preparation of the interim consolidated financial statements requires the Parent's management to make significant accounting judgements, estimates and assumptions. Those judgements, estimates and assumptions are the same as those applied in the last set of annual consolidated financial statements.

Certain new accounting standards took effect in 2023 and were accordingly considered in preparing these interim consolidated financial statements; they did not imply any changes in the Group's accounting policies.

The Group intends to apply the new standards, interpretations and amendments issued by the IASB whose application is not mandatory in the European Union when they are effective, to the extent applicable to the Group. Although the Group is still in the process of analysing their impact, based on the analysis performed to date, it estimates that their initial application will not have a significant impact on its interim consolidated financial statements.

Climate-related aspects

Climate change is one of the most pressing issues facing our planet and society today. Its effects are materialising primarily in the form of rising temperatures, increasingly unpredictable weather events and a growing scarcity of natural resources. Although the Deoleo Group does not own any olive mills or groves, the effects of climate change on farming, for example by increasing the likelihood of droughts, do pose risks for our suppliers. That ultimately implies a risk for our business, as we rely on our suppliers for a constant supply of high-quality vegetable oil. We have identified regulatory changes and rising energy costs as the main risks associated with climate change.

In preparing its financial information, the Deoleo Group has considered the possible implications of climate change in terms of financial risks. Specifically, it factored those considerations into its asset impairment tests (possible increase in costs or variability in demand), assessment of its assets' useful lives, estimation of provisions and contingent liabilities (as a result of possible fines or sanctions for legal or regulatory breaches) and its estimation of expected credit losses for its accounts receivable and other financial assets. That analysis did not indicate any relevant existing or foreseeable financial impacts for the Group which are not being adequately managed or planned for.

Macroeconomic environment

The current macroeconomic environment is shaped by inflation, high interest rates, weaker business sentiment, geopolitical risks, which spread to new regions in 2023, and uncertainty about the future.

The Group has assessed the potential impact of the current macroeconomic environment and climate-related risks, identifying the possible indications of impairment derived from high interest rates, inflation and the impact of the current extraordinarily high raw material prices. Specifically, the non-financial asset impairment tests included sensitivity analysis modelling the impact of reasonably possible changes in the key inputs, including higher interest rates (discount rate-WACC), different growth assumptions and the effects of current raw material prices (refer to section III of note 11).

5. Contingent assets and liabilities

Notes 12.5 and 18.2 of the Group's consolidated financial statements for the year ended 31 December 2022 and note 10 of the condensed consolidated interim financial statements for the six months ended 30 June 2023 provide disclosures in respect of the Group's contingent assets and liabilities as of those reporting dates.

There were no significant changes in those assets or liabilities during the year ended 31 December 2023.

Warrants

For a description of this contingent liability, the reader is referred to note 18.2 of the Group's consolidated financial statements for the year ended 31 December 2020.

As was the case last year, the Parent's directors deem that as at 31 December 2023, the information available is insufficient to determine the fair value of this commitment, as its intrinsic value is zero and the probability of a sale and its possible date cannot be determined. Against that backdrop, they have decided to carry the warrants at zero and to review that judgement on future reporting dates in light of the trends in the different variables that affect their valuation.

Long-Term Bonus Plan

For a description of this contingent liability, the reader is referred to note 18.2 of the Group's consolidated financial statements for the year ended 31 December 2020.

As was the case last year, the Parent's directors have concluded that as of 31 December 2023, the employee benefits expense to be accrued cannot be determined: the information available is deemed insufficient to determine the fair value of this commitment as the probability of a sale and its possible date cannot be determined. Against that backdrop, they have decided to carry the related contingent liability at zero and to review that judgement on future reporting dates in light of the trends in the different variables that affect its valuation.

Below is an update regarding ongoing claims and inspections affecting the Group:

Tax inspections in Italy

In 2012, Carapelli Firenze, S.p.A., a Group subsidiary, was handed down provisional assessments by the Italian tax authorities in respect of several concepts in the amount of 6,912 thousand euros. The Group filed the corresponding appeal and received favourable rulings from courts of first and second instance. The Italian tax authorities appealed those rulings in 2020. An agreement was reached with the tax authorities in 2023 to end these proceedings in exchange for agreeing to the regime established by the Italian government and paying 138 thousand euros.

In 2014, the Milan 2 and Pavía customs offices notified Carapelli Firenze, S.p.A. of the commencement of notification proceedings relating to the inward processing system (IPS), whereby all the IPS authorisations and transactions issued from 2010 to 2012 were rendered null and void and seeking payment of 72.4 million euros, including customs duties, VAT, interest and penalties. Of that total, the Group settled 4,459 thousand euros in prior years and negotiated the suspension of the payment of the remainder. Between 2015 and 2017, the Group obtained a number of rulings covering all of the amounts sought upholding the appeals filed by the Group and overturning the assessments handed down; those rulings have, however, been appealed. In 2018, it obtained a favourable ruling but the opposing side appealed it in 2019. In 2022, the Group was reimbursed the 4,459 thousand euros paid in prior years. In 2023, Italy's appellate court sent the matter back to the courts of second instance seeking clarification around certain aspects. The Parent's directors believe that the Group has valid arguments in support of its defence of the tax treatment used such that the case will not have any impact on its net assets.

In addition, in 2014, the Milan 2 customs office notified Carapelli Firenze, S.p.A. of the commencement of notification proceedings relating to the inward processing system (IPS), seeking payment of 3,190 thousand euros; an injunction against the payment enforcement order was granted in exchange for posting sureties. The Group was handed an unfavourable ruling by a court of first instance in 2016. In 2018, it obtained a favourable ruling but the opposing side appealed it in 2019. In 2023, Italy's appellate court sent the matter back to the courts of second instance seeking clarification around certain aspects. At 31 December 2023, 50% of the amount of the claim has been provided for, even though the Parent's directors believe that the Group has valid arguments in support of its defence of the tax treatment used such that the case will not have any impact on its net assets.

Other tax inspections

In accordance with prevailing Spanish tax legislation, tax returns cannot be considered final until they have been inspected by the tax authorities or until the four-year inspection period has elapsed. At 31 December 2023, the Spanish entities had their tax returns open to inspection for the last four years in respect of all major applicable taxes. At Deoleo Global, S.A.U., the tax authorities are inspecting the 2020 and 2021 economic activity tax returns in respect of Alcolea.

With respect to the Group companies not resident in Spain for tax purposes, the following inspection is ongoing: Deoleo India Private, Ltd.: income tax for 2021-2022.

The Parent's directors consider that all applicable taxes have been duly paid so that even in the event of discrepancies in the interpretation of prevailing tax legislation with respect to the treatment applied, the resulting potential tax liabilities, if any, would not have a material impact on the accompanying interim separate and consolidated financial statements.

Quality claims

In 2016, certain provisional assessments were received from the Spanish customs authorities in relation to allegedly incorrect settlements, which are guaranteed by the Company as part of the Group's procedural management of the inward processing regime; the assessments derive from discrepancies between the reported oil quality and the results of samples taken by the inspection authorities. The Group filed the corresponding defence arguments in an attempt to have the case seeking settlement of 2,357 thousand euros dismissed. In 2018, it recognised a provision for the interest corresponding to two years' assessments, the maximum period for which claims can be sought, in the amount of 187 thousand euros. At 31 December 2023, the provision recognised for the oil quality assessments pending resolution stood at 2,544 thousand euros.

6. Changes in the Group's composition

2023:

In 2023, the Group started the process of liquidating one of its subsidiaries, Compagnie Rizicole de L'Ouest Guyanais, S.A. That process did not have a significant impact on the accompanying interim separate and consolidated financial statements.

2022:

In 2022, the Group liquidated one subsidiary, Deoleo International Limited. That liquidation did not have a significant impact on the accompanying interim separate and consolidated financial statements.

7. Dividends paid

The Company did not pay any dividends during the reporting period.

8. Segment reporting

Note 11 of Chapter IV of the Six-Monthly Financial Report for the second half of 2023 provides information about the Group's business activities. The operating segments identified by the Group are:

- Spain
- Italy
- North America
- Northern Europe
- Asia Pacific and MEA
- Latin America
- Operations

9. Events after the reporting period

No significant events have occurred between year-end and the date of authorising these financial disclosures for issue that have not been disclosed in these notes.

10. Related-party transactions and balances

Note 14 of Chapter IV of the Six-Monthly Financial Report for the second half of 2023 provides information about the related-party transactions arranged in 2023.

The transactions performed with significant shareholders, directors and other related parties in 2023 were as follows:

	Thousands of euros	
	2023	**2022**
Expenses:		
Purchase of services	3,361	3,263
Finance costs	6,058	4,079
Donations	-	9
	9,419	**7,351**

"Purchase of services" related mainly to work associated with product marketing, promotion and distribution services.

The finance costs in the table above correspond to the loan provided by financial institutions that are, in turn, shareholders of Group subsidiary, Deoleo Holding, S.L.

As a result of the above related-party transactions, at year-end 2023, the Group had the following balances receivable from and payable to related parties:

	Thousands of euros	
	31 Dec. 2023	**31 Dec. 2022**
Bank borrowings:		
Non-current	(15,592)	(84,004)
Current	(18)	(176)
Trade and other payables:		
Trade payables	(69)	(299)

At 31 December 2023 and 2022, the balances with financial institutions relate to the portion of the loan corresponding to entities that, in turn, own 49.004% of the Group company, Deoleo Holding, S.L. Of those shareholders, funds controlled by Alchemy Special Opportunities (Guernsey) Limited hold 83.6% of that interest. The amount of debt extended by those funds stood at 9,756 thousand euros at 31 December 2023 (68,591 thousand euros at 31 December 2022). The year-on-year decrease primarily reflects the transfer of debt holdings among the various lenders in 2023. Note

additionally that by January 2024, the above-mentioned funds no longer held the debt balance held at 31 December 2023 (refer to section VIII of note 11).

The Group Parent did not receive any dividends from its subsidiaries in either 2023 or 2022. Group subsidiary Deoleo Holding, S.L. received 1,995 thousand euros in dividends from its subsidiary in 2023 (none in 2022). Group subsidiary Deoleo Global, S.A.U. received 49,840 thousand euros in dividends from its subsidiaries in 2023 (16,536 thousand euros in 2022).

11. Qualitative and quantitative information about the changes in the Group's assets and liabilities

I. Discontinued operations

No operations were classified as discontinued in either 2023 or 2022.

II. Property, plant and equipment

Capital expenditure in the olive oil business amounted to 3,714 euros in 2023 (2022: 3,458 thousand euros) and was earmarked mainly to modernising and upgrading the equipment at the Alcolea (Cordoba, Spain) and Tavarnelle (Italy) factories.

Property, plant and equipment depreciation charges amounted to 5,081 thousand euros in 2023 (2022: 5,172 thousand euros).

III. Goodwill and other intangible assets

The main changes in 2023:

- Amortisation charges for the year totalling 4,212 thousand euros corresponding to the Bertolli customer portfolio (2022: 4,212 thousand euros).

- Capital expenditure of 784 thousand euros, corresponding to software and computer programme licences (2022: 624 thousand euros).

- The Company tested the Group's non-financial fixed assets (property, plant and equipment, intangible assets and goodwill) for impairment at 31 December 2023.

Impairment tests

Even if there are no indications of impairment, given that the Group has intangible assets with indefinite useful lives and goodwill, at every year-end it tests those assets for impairment to check whether their recoverable amount has fallen below their carrying amount.

The following assets were deemed shared assets in light of the Group’s current structure and operations:

- The trademarks the Group uses to do business, as the carrying amount of its trademarks cannot be attributed to a specific cash-generating unit (CGU), but rather has to be distributed across each unit in a reasonable and uniform manner. The carrying amount of those trademarks at year-end 2023, before the impairment tests, amounted to 452.2 million euros, of which specific trademarks carried at 436.2 million euros were deemed shared trademarks, as they were attributable to more than one CGU. The remaining trademarks can be attributed to a single CGU.
- The building constituting the Group’s headquarters (located in Rivas Vaciamadrid in Madrid).
- Other intangible assets, mainly software used across the Group.

For CGU identification purposes, the Group's management has been conducting the impairment tests on the basis of the manner in which they are managed and structured in terms of human resources and tangible and intangible assets, among other criteria. Accordingly, the tests are based on:

(i) The manner in which the Group organises and manages its vegetable oil production and bottling resources which, albeit located in different regions of Italy and Spain, are managed and operated in practice as a single unit.

(ii) The structure used to market and sell the vegetable oil produced, specifically the Group's six existing sales units (Spain; Italy; Northern Europe; North America; Asia Pacific-MEA; and Latin America), whose activity consists of the sale and marketing of the oil produced, leveraging the Group's portfolio of brands, in the markets assigned to each.

So, for the purposes of IAS 36 *Asset impairment*, the Group had been distributing the value of its corporate assets across those seven CGUs.

The CGU structure used for impairment testing purposes at year-end 2023 was therefore the following:

Cash-generating unit (CGU)	Type	Markets
Spain	Sales unit	Spain
Italy	Sales unit	Italy
Northern Europe	Sales unit	Germany, Belgium, Netherlands, France and the rest of Europe
North America	Sales unit	US and Canada
Asia Pacific and MEA	Sales unit	Australia, China, India and the rest of Asia and Africa
Latin America	Sales unit	Latin America
Operations	Manufacturing	Factories located in Spain and Italy

To test the non-financial assets for impairment, the Group’s management used the projections drawn up for 2024 as per the most recent approved annual budget and the projections for 2025-2026 included in the Group's most recent Strategic Plan (2022-2026).

The Parent engaged the services of an independent expert (PricewaterhouseCoopers Asesores de Negocios, S.L.) to perform the valuation work needed for impairment testing purposes. That expert's work focused on:

(i) Valuing the Group’s trademarks by each CGU, using the relief-from-royalty method. For the purposes of the above-mentioned valuation work:

a. The fair value of the trademarks for each CGU was derived from the revenue projections included in the Strategic Plan and a series of sales volume sensitivities estimated for each trademark in each country.

b. In order to estimate a specific royalty for each trademark per CGU, the following inputs were used: (i) the trend in revenue; (ii) the trend in the EBITDA margin; (iii) product types; (iv) market positioning; and (v) number of regions.

c. Unique discount and growth in perpetuity rates (“g”) were then generated for each trademark per CGU, depending on where the corresponding revenue is generated.

(ii) Estimation of the recoverable amounts of the various CGUs to which the Group has allocated its goodwill and to which it similarly allocates the rest of its intangible assets (mainly trademarks), in keeping with IAS 36, then enabled the Parent to assess whether the carrying amounts of its CGUs are sufficiently substantiated. The expert also ran sensitivity analysis, varying the key inputs underpinning the financial projections (volume, sales, gross margin and marketing expenses).

Given the adverse market context, marked by olive oil prices persistently at their highest levels on record, it has been tested our assets for impairment using more conservative projections than those underpinning the 2022-2026 Strategic Plan.

Subsequently, the Group's auditor, Ernst & Young, S.L., reviewed the independent expert's report as part of its audit work and assessed the reasonableness of the Group's Strategic Plan and the sensitivity analysis conducted by PwC. Ernst & Young, S.L. also involved its internal valuation experts to check the methodology used by the independent expert to test the assets for impairment and the reasonableness of the discount and long-term growth rates used.

The main assumptions used to perform the impairment tests:

31 December 2023						
Cash-generating units	Discount rate (after-tax WACC)	Discount rate (pre-tax WACC)	Average growth rate, g	Average growth in gross profit	EBITDA CAGR	Terminal value as a percentage
Spain	7.9%	9.9%	1.9%	16.6%	n.a	110%
Italy	8.8%	11.2%	1.9%	14.5%	27.4%	102%
Northern Europe	7.0%	8.7%	1.9%	23.2%	n.a	85%
North America	6.9%	8.4%	2.2%	9.1%	3.0%	77%
Asia Pacific and MEA	8.4%	10.6%	3.1%	14.1%	8.6%	82%
Latin America	9.9%	13.3%	3.4%	(0.7%)	(13.5%)	45%
Operations	8.4%	11.5%	1.9%	4.9%	1.0%	40%

Note: the average growth in gross profit and EBITDA CAGR are those estimated from year-end 2023 to 2028. If EBITDA 2023 is negative, the EBITDA CAGR could not be calculated.

The average rate of growth modelled by the Group in 2023 was 2.3% (2022: 2.2%).

Based on the independent expert's conclusions regarding the value of its trademarks by CGU and the estimated recoverable amounts of the CGUs, the Group performed its impairment tests, a process summed up below:

1. Allocation of the carrying amounts of the trademarks and the corresponding deferred tax liabilities to the various CGUs as a function of the fair value of the trademarks at each CGU, calculated using the relief-from-royalty method. This approach to valuing the trademarks per CGU, based on the same Group Strategic Plan and sensitivity analysis (performed by PwC), makes the calculations more objective and is consistent with the CGU valuations. This allocation criterion means that the result obtained from the valuation of the CGUs applied to the trademarks is more consistent with the valuation of the trademarks using the relief-from-royalty method.

2. Identification of the CGUs presenting impairment losses or the reversal thereof by comparing the carrying amounts allocated and the recoverable amounts yielded by the CGU valuation exercise. To this end:

   2.1 For the CGUs whose recoverable amount is below the allocated carrying amount and, therefore, present indications of impairment, the potential loss is distributed as follows:

      - Firstly, by reducing the carrying amount of any goodwill allocated to that CGU.
      - Next, the loss is distributed *pro rata* between the rest of the CGU's assets as a function of the carrying amounts of each of those assets. For assets other than the trademarks, given their nature, the Group concluded that their carrying amount was a good proxy for their fair value such that they were not written down for impairment. As a given CGU typically uses several trademarks, the loss is distributed proportionately to the carrying amounts of the various trademarks assigned to that CGU.
      - When distributing an impairment loss across trademarks, the carrying amount of a trademark is never reduced below the higher of the following two amounts:
         1. (i) its fair value less costs to sell, obtained using the relief-from-royalty method per trademark and CGU.
         2. (ii) its value in use, obtained from the CGU valuations.

2.2 For CGUs whose recoverable amount is above the allocated carrying amount, any impairment losses recognised in prior years are reversed, subject to the following considerations:

- The amount of the reversal of a CGU impairment loss is distributed among that CGU's trademarks in proportion to their carrying amounts, up to the limit of the impairment losses recognised in prior years for each of the trademarks.
- Impairment losses recognised against goodwill are not reversed in subsequent years.
- When distributing the reversal of a CGU impairment loss, the carrying amounts of a trademark cannot be increased above:
  (i) Its recoverable amount, obtained using the relief-from-royalty method per trademark and CGU.
  (ii) The carrying amount (i.e., net of amortisation) that would have been recognised had the trademark impairment losses recognised in prior years on the basis of CGU valuations not been recognised.

The Parent's directors believe that business and asset valuations are not an exact science, but rather a simulation exercise based on experience that requires the use of assumptions that contain a certain amount of subjectivity. Based on the impairment testing inputs received from the above-mentioned experts, the Parent's directors believe that the conclusions obtained are reasonable and adequate.

The breakdown by CGU at 31 December 2023 of the carrying amount of the assets (before the recognition of impairment), their recoverable amounts and the resulting headroom or impairment loss, is as follows:

	Thousands of euros							
	Spain	**Italy**	**Northern Europe**	**North America**	**APAC-MEA**	**Latin America**	**Operations**	**Total**
Net fixed assets	72,810	63,298	80,917	149,737	29,355	11,498	44,794	452,409
Goodwill	-	-	-	-	9,455	-	6,912	13,367
Working capital	(3,976)	(1,620)	5,003	34,255	11,977	12,946	43,725	102,310
Total net assets - opening	**68,834**	**61,678**	**85,920**	**183,992**	**50,787**	**24,444**	**95,431**	**571,086**
Fair value	33,609	20,412	84,033	171,967	130,450	15,190	98,385	554,046
Costs to sell	(336)	(204)	(840)	(1,719)	(1,305)	(152)	(984)	(5,540)
Recoverable amount	**33,273**	**20,208**	**83,193**	**170,248**	**129,145**	**15,038**	**97,401**	**548,506**
Potential headroom/(impairment)	**(35,561)**	**(41,470)**	**(2,727)**	**(13,744)**	**78,358**	**(9,406)**	**1,970**	**(22,580)**
Net (impairment) applied to goodwill	-	-	-	-	-	-	-	-
Net headroom/(impairment) applied to the trademarks	(5,365)	(3,536)	(2,723)	(5,732)	-	(710)	-	(18,066)
Net headroom/(impairment) applied	**(5,365)**	**(3,536)**	**(2,723)**	**(5,732)**	**-**	**(710)**	**-**	**(18,066)**

As a result of the impairment tests, the Group recognised 24,352 thousand euros of impairment losses against its trademarks (18,066 thousand euros net of the tax effect) in 2023. The impairment loss was recognised under "Other operating expenses" in the consolidated statement of profit or loss for 2023, while the tax impact, of 6,286 thousand euros, was recognised under "Income tax", likewise in the consolidated statement of profit or loss for 2023.

The breakdown by CGU:

	Thousands of euros						
	Spain	**Italy**	**Northern Europe**	**North America**	**APAC-MEA**	**Latin America**	**Total**
Goodwill	-	-	-	-	-	-	**-**
Trademarks	(7,154)	(4,884)	(3,691)	(7,674)	-	(949)	**(24,352)**
Gross reversal/(impairment)	**(7,154)**	**(4,884)**	**(3,691)**	**(7,674)**	**-**	**(949)**	**(24,352)**
Tax effect	1,789	1,348	968	1,942	-	239	**6,286**
Net reversal/(impairment)	**(5,365)**	**(3,536)**	**(2,723)**	**(5,732)**	**-**	**(710)**	**(18,066)**

The 24,352 thousand euros of impairment losses recognised against the Group's trademarks in 2023 are mainly attributable to impact on the gross margin of the current extraordinarily high raw material prices. The losses are also attributable to changes in the discount rates and growth in perpetuity rates used as inputs as a result of the increase in interest rates, inflation, macroeconomic instability and uncertain outlook.

At 31 December 2023, the carrying amount of the Group's trademarks, having recognised the effects of the impairment tests performed during the year, stood at 427,827 thousand euros.

	Thousands of euros			
	Carrying amount before impairment tests	**Reversal/(impairment) as a result of tests**	**Carrying amount at 31 Dec. 2023**	**Fair value at 31 Dec. 2023**
Trademarks	**452,179**	**(24,352)**	**427,827**	**425,725**

The assumptions used to determine the above-listed fair values are aligned with those used to value the CGUs. The royalty rates used ranged between 3% and 5.5%.

IV. Inventories

The reconciliation of the carrying amount of this consolidated statement of financial position heading at the beginning and end of 2023 is as follows:

	Thousands of euros	
Inventories	**31 Dec. 2023**	**31 Dec. 2022**
Goods held for resale	6,155	3,355
Raw materials and other consumables	45,756	46,138
Work in progress	16,646	11,686
Finished goods	109,215	80,748
	177,772	141,927
Impairment losses	(1,354)	(1,363)
	176,418	**140,564**

At 31 December 2023, the Group was contractually committed to the purchase of 81,610 thousand euros of inventories (year-end 2022: 51,791 thousand euros).

V. Trade and other receivables

The reconciliation of the carrying amount of this consolidated statement of financial position heading at the beginning and end of 2023 is as follows:

	Thousands of euros	
	31 Dec. 2023	**31 Dec. 2022**
Trade receivables	47,459	49,207
Other receivables	16,555	21,960
	64,014	**71,167**
Current tax assets	944	4,427
	64,958	**75,594**

VI. Non-current assets held for sale

In 2023, the Group sold a series of assets for 568 thousand euros, recognising a gain of 52 thousand euros and a loss of 420 thousand euros under "Other operating income" and "Other operating expenses", respectively, in the consolidated statement of profit or loss for 2023.

The Group also recognised an impairment loss on a piece of land in the amount of 1,446 thousand euros.

The Group is actively pursuing the sale of the above-listed assets and the Parent's directors believe the sales will close within 12 months from the reporting date. These assets meet the accounting requirements for classification as non-current assets held for sale.

VII. Equity

The breakdown of and movements under equity are disclosed in note 8, "Consolidated statement of total changes in equity", in Chapter IV of the Six-Monthly Financial Report for the second half of 2023.

At 31 December 2023 and 2022, the Parent's share capital was represented by 500,000,004 shares, with a unit par value of 0.2 euro cents, all of which were fully subscribed and paid and represented by book entries.

Own shares

The Group did not buy or sell any own shares in 2023.

At 31 December 2023, the Parent did not hold any own shares as treasury stock.

Translation differences

The breakdown and reconciliation of the opening and closing translation difference balances:

	Thousands of euros
Balance at 31 December 2022	**(7,275)**
Differences arising from translation of the financial statements of foreign operations	556
Translation differences corresponding to non-controlling interests	(272)
Balance at 31 December 2023	**(6,991)**

VIII. Non-current financial liabilities

Bank borrowings

At 31 December 2023, this heading includes the loan agreements arranged on 24 June 2020, i.e., the so-called Sustainable Debt in the wake of the refinancing process outlined in notes 1.2, 2.6.4 and 16 of the Group's annual consolidated financial statements for 2020.

On 6 January 2023, the Group reached agreements with its current lenders, amending some of the terms and conditions of the senior and junior tranches of the loan and of the Shareholder Agreement. The amended terms of the senior and junior tranches of the syndicated loan took effect on 22 February 2023, which is when they were placed on public record.

The most relevant changes to the respective loan agreements, executed as annexes to the original agreements, are as follows:

- Replacement of the requirement to comply with the minimum EBITDA thresholds with a requirement to comply with a ratio of net debt-to-EBITDA, which cannot exceed five times. Compliance with that new ratio is assessed quarterly, starting from 31 March 2023.
- Interest rate: The spreads on both the senior and junior tranches have increased by 150 bps. The rate increase applied from the interest period beginning on 28 March 2023.
- Waiver of the requirement to prepay the loan using 100% of the cash and cash equivalents of the guarantor firms that, at year-end 2022, exceeded 60 million euros. In exchange, the Group is required to prepay 20 million euros of the senior tranche. That payment was made on 28 March 2023.

In keeping with IFRS 9 *Financial instruments*, following quantitative and qualitative assessment of the new contractual terms, it was determined that the terms of this financial liability had not been substantially modified so that the original liability was not derecognised. The effects of the modification were as follows:

- The carrying amount of the loan was remeasured to reflect the modified contractual cash flows discounted at the original effective interest rate (EIR), which had the effect of increasing the financial liability by 5,188 thousand euros on 22 February 2023. The modification loss was recognised under "Finance costs" in the 2023 consolidated statement of profit or loss in the amount of 3,826 thousand euros.
- The carrying amount of the loan was also adjusted for the costs and fees incurred to modify the liability, in the amount of 1,288 thousand euros, which will be amortised over the remaining term of the modified loan. The impact recognised under "Finance costs" in the 2023 consolidated statement of profit or loss amounted to 413 thousand euros.

Following its modification, the main terms and conditions of the Group's financing agreement are as follows:

- <u>Amount</u>: 242 million euros in total (the balance outstanding at 31 December 2023 stood at 140,096 thousand euros).
- <u>Tranches, interest rate and maturity</u>: It is divided into two tranches:
  a. A senior tranche of 160 million euros (the balance outstanding at 31 December 2023 stood at 58,096 thousand euros). Interest rate: EURIBOR (floor of 1%) plus a spread of 550bps. Maturity: 5 years.
  b. A subordinated or junior tranche of 82 million euros (the balance outstanding at 31 December 2023 was still 82 million euros). Interest rate: EURIBOR (floor of 0.5%) plus a spread of 650bps (until 24 June 2024) and 850bps (the following two years). Maturity: 6 years.
- <u>Repayment schedule</u>: Both tranches are repayable in a single bullet payment at maturity, in addition to the contemplated prepayments, outlined below.
- <u>Covenants</u>:
  - At each year-end and quarterly, the Deoleo Group must provide its creditors with a Compliance Certificate attesting, primarily, to the following:
    (i) Compliance with two ratios:
      a. Leverage. Compliance with a ratio of net debt-to-EBITDA, which cannot exceed five times.
      b. Maintenance of a minimum liquidity buffer: the Deoleo Group's liquid assets (i.e. cash and cash equivalents) must not fall below 15,000,000 euros during a period of 20 consecutive days or more.

      Note that compliance with the leverage ratio is verified quarterly and compliance with the liquidity buffer is verified monthly.

(ii) The amount of cash and cash equivalents, as defined in the loan agreements.

(ii) The non-occurrence of any of the default events defined in the loan agreements.

(iv) The Group companies that constitute the “Material Companies” for the purposes of the loan guarantee scheme.

(v) Compliance with the Coverage Test: certification that the aggregate of the EBITDA, total assets and revenue of the so-called “Material Companies” (excluding intercompany balances and transactions and investments in Group companies) exceeds 85% of the sum of the EBITDA, total assets and revenue of the consolidated Group.

- At each year-end, the Deoleo Group must prepay the following amounts of the senior loan:

  i. The net amount of asset sales in excess of 2.5 million euros individually or of 5 million euros together with other assets sold.

  ii. 100% of the cash and cash equivalents of the guarantor firms that, at each year-end, exceeds 60 million euros.

  Any such loan prepayments must take place, at the latest, on the interest payment date in the first quarter subsequent to year-end.

- The loan agreement entails a series of 'musts' or positive covenants and 'must nots' or negative covenants related with the business. They are designed to provide a degree of control over the management of the Deoleo Group's business and to safeguard its creditworthiness, such that the key business metrics remain within the ranges contemplated when the banks decided to extend the financing.

  The negative covenants include certain restrictions on the encumbrance of assets, on capital expenditure, on the assumption of additional borrowings and on certain asset sales.

  There are also restrictions on the distribution of funds and making of payments to shareholders in the form of dividends or other forms of payment by the subsidiaries of Deoleo, S.A., i.e., Deoleo Holding, S.L., Deoleo UK, Ltd. and Deoleo Financial, Ltd, except in certain specific and highly limited circumstances carved out essentially so that Deoleo, S.A. can cover ordinary expenses such as fees related with the audit of its financial statements and the costs of running the Board of Directors. The above-mentioned restrictions apply until the loan is fully repaid, a milestone scheduled for 2026.

- Guarantees: To secure the obligations assumed under this financing package, the Group has extended the lenders the following guarantees:

  a. Deoleo Financial, Ltd. is the borrower and Deoleo UK, Ltd., Deoleo Global, S.A.U., Deoleo International, Ltd., Carapelli Firenze, S.p.A., Deoleo USA, Inc., Deoleo Canada, Ltd., Deoleo Deutschland, GmbH., Deoleo, B.V., Deoleo Belgium, B.V. and Deoleo Comercial México, S.A. de C.V. are the guarantors.

  b. Personal guarantees from all relevant Group companies (including Deoleo, S.A.) and pledges over the shares of the main Group companies.

  c. Pledge over the assets of Deoleo USA Inc. and Deoleo Canada, Ltd.

  d. Pledges over the cash pooling accounts in the UK, US and Spain.

In addition, in order to guarantee performance of its obligations under the Senior Financing Agreement and the Junior Financing Agreement, Deoleo, S.A. has extended a call option over all of the shares of Deoleo UK, Ltd. owned by Deoleo Holding, S.L. and a call option over all of the shares of Deoleo Financial, Ltd. owned by Deoleo UK, Ltd. The exercise price for each of the options is 1 euro; however, once exercised, an independent expert will be asked to appraise the shares and the option holder will be obliged to pay the amount resulting from that valuation exercise by way of deferred payment. If the deferred price is higher than the amounts owed under the Senior Financing Agreement and the Junior Financing Agreement, the option holder will be obliged to pay the difference to Deoleo Holding, S.L. or Deoleo UK, Ltd., as warranted, and if it is lower, the option holder will continue to hold a credit claim against the borrowers in the amount of the difference. The options are exercisable from the time of any potential unremedied breach of performance under the terms of the Senior Financing

Agreement or the Junior Financing Agreement. The options will expire once the loan has been repaid in full.

In the opinion of the Parent's directors, at 31 December 2023, the Group was compliant with all covenants, as applicable. Further, they believe there are no foreseeable developments that could have an adverse impact on its ability to comply with them over the next 12 months.

12. Director and key management personnel remuneration

The year-on-year trend in the remuneration accrued by the Parent's directors and key management personnel in 2023:

	Thousands of euros	
	2023	**2022**
Directors		
Salaries	628	726
Attendance fees	560	560
Other	38	30
	1,226	**1,316**
KMP	**2,717**	**2,654**
	3,943	**3,970**

Earnings performance
2023

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The Olive Oil Company.

Contents

Highlights

Markets

- The **2022/2023** harvest ended with a -**25% year-on-year drop in global olive oil production** according to EU data.
- **Focusing on the EU,** the year-on-year **contraction in 2022/2023** was -**40%**, shaped mainly by the impact of **low production in Spain (-55%)**, marked by the lack of rainfall and episodes of extreme heat.
- The **unprecedented coincidence of two poor harvests in a row** sent **olive oil prices to record levels**, driving a slow but steady drop in consumption over the course of the year

Our earnings

- **EBITDA amounted to €30.2m in 2023**. EBITDA **was stronger in the second half, at €17.5m compared to €12.7m in the first half,** limiting the **year-on-year contraction** in FY23 to -**30%, compared to -43%** year-on-year in **1H23.**
- However, thanks to **proactive sales management**, **we passed the increase in raw material costs through to our sales prices, defending our unit gross margin unchanged at** 2022 levels, although the **slump in consumption affected our sales volumes** (-21% YoY), **so that EBITDA decreased by -30%** compared to 2022.
- **Higher finance costs,** partly due to the **rise in interest rates (EURIBOR)** but also the accounting recognition of the **financial debt amendment**, coupled with the non-cash impact of the **impairment losses recognised against intangible assets** and **tax assets** in 2023, resulted in a **net loss of €-34m**.
- The **upward trend in olive oil prices** all year long, which only gathered pace towards the end of the year, drove **increases in our working capital and net debt** of **24%** and **18.5%** compared to **2022**, respectively.

Earnings snapshot

Raw materials

	YE 23	YE 22	YoY chg.
	€/Tn	*€/Tn*	*%*
Extra Virgin	8,887	5,551	*60,1%*
Virgin	8,421	5,019	*67,8%*
Lampante	7,915	4,843	*63,4%*

Source: Pool Red

- The year-on-year growth in prices, according to **Pool Red,** topped **60% in all categories,** despite starting from a very high base, so that **olive oil prices beat all records in 2023.**

Statement of profit or loss

	2023	2022	YoY chg.
	(€ 000)	*(€ 000)*	*%*
Revenue	837,616	827,449	*1,2%*
EBITDA	30,228	42,966	*(29,6%)*
Profit/(Loss) for the year	(34,326)	6,268	*(647,7%)*
Attributable to:			
Equity holders of the parent	(17,976)	2,707	*(764,1%)*
Non-controlling interests	(16,350)	3,561	*(559,1%)*

- The **pass-through of higher raw material costs to end sales prices** allowed us to defend our unit gross margin and deliver **slight growth in revenue** despite shrinking sales volumes.
- At the **EBITDA level**, the **impact of the loss of business volumes** translated into a **contraction** of -**30%** from 2022 to €30m.
- **Higher finance costs (€-10m higher),** partly due to the **rise in interest rates (€-6m)** but also the accounting recognition of the **financial debt amendment (€-4m)**, coupled with the non-cash impact of the **impairment losses recognised against intangible assets (€-18m), property, plant and equipment (€-1m)** and **tax assets (€-3m)** recognised in 2023, resulted in a **net loss of €-34m**.

Other financial metrics

	YE 23	YE 22	YoY chg.
	(€ 000)	*(€ 000)*	*%*
Net debt	120,350	101,544	*18,5%*
Working Capital	102,310	82,350	*24,2%*

- The situation worsened towards the end of the year, with **olive oil prices at record highs** and quality inventories in short supply, forcing the Group **to stock up**, driving an increase in its **working capital requirement** of **24%** by comparison with year-end 2022.
- The **increased working capital requirement** in turn **drove net debt 18.5% higher** by comparison with year-end 2022.

Raw material and consumer trends

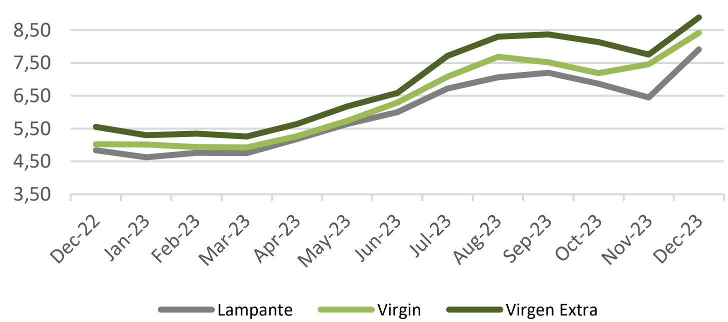
Trend in raw material prices

- The **final EU figures** for **olive oil production** in **2022/2023** put the **global harvest** at **2.6 million tonnes**, **down 25%** year-on-year and **24% below the average for the last five harvests**.
- The **drop in output was concentrated in the EU**, where the yield shrank by -40%, with **production virtually flat** year-on-year **across the other producer nations**.
- In the end, **production in Spain** in **2022/2023** decreased by -**55%** to **0.66 million tonnes.**
- **Prices** in Spain reached **record after record**, according to Ministry figures**.** So far in **2023/2024**, **average prices** are up **69.1%** year-on-year and up by **171%** compared to the prior **two harvests**.

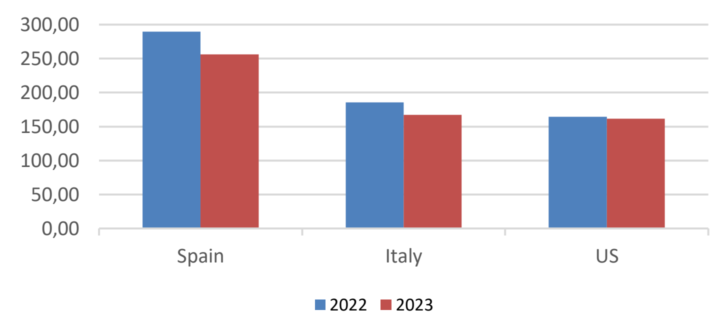
Trend in consumption

- **Consumption** has been **hurt** by **high raw material prices** in most of the Group's markets.
- In the biggest **consumer markets**, **Spain** and **Italy**, **consumption decreased by** -**11.5%** and -**9,9%, respectively,** according to Nielsen. In the **US**, the **reduction** was a smaller -**1.9%** (source: IRI).
- As for **market share**, the sharp increase in prices to record highs largely benefitted the private labels, driving a small decrease in our market shares in the **US** (-2.5pp), **Italy** (-2.2pp) and **Spain** (-1.7pp).

Trend in olive oil prices *(€/kg)*



Trend in olive oil consumption *(m litres)*



Statement of profit or loss

Table 1

	2023	2022	YoY chg.
	(€ 000)	*(€ 000)*	*%*
Revenue	**837,616**	**827,449**	***1,2%***
Gross profit	100,144	126,218	*(20,7%)*
Other operating expenses	(69,916)	(83,252)	*(16,0%)*
EBITDA	**30,228**	**42,966**	***(29,6%)***
EBITDA margin	*3.6%*	*5.2%*	
Profit/(loss) for the year	**(34,326)**	**6,268**	***(647,7%)***
Attributable to:			
Equity holders of the parent	(17,976)	2,707	*(764,1%)*

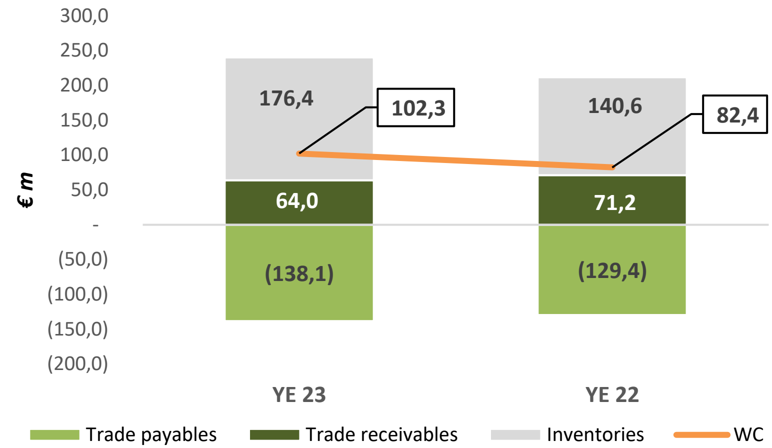
- The business environment in the second half did not improve in terms of the difficulties caused by **steep inflation** and **high interest rates**, all of which exacerbated by the **prospect of another weak harvest**, in terms of both quantity and quality, driving **prices even higher towards the end of last year.**
- **Leveraging** the **solidity of our brands**, we were able to **pass the increase in raw material costs through to our sales prices**, so **defending our unit gross margin** and unlocking **revenue growth of 1%** despite the **contraction in sales volumes**.
- In our operations, we implemented savings and rationalisation measures, in both our **sales areas and corporate structure**, aligning our costs with the new **market paradigm** which **foreshadowed lower sales volumes**. These measures were tailored for the situation prevailing in each market.
- **EBITDA** for the year totalled **€30m**. In the **second half**, despite even sharper raw material price increases, **EBITDA improved** by comparison with the **first half**, to **€17.5m**, limiting the **contraction in EBITDA in FY23 to -30%**, compared to one of -**43% in the first half**, when EBITDA amounted to **€12.7m.**
- **Higher finance costs (€-10m),** partly due to the **rise in interest rates (€-6m)** but also the accounting recognition of the **financial debt amendment (€-4m)**, coupled with the non-cash impact of the **impairment losses recognised against intangible assets (€-18m), property, plant and equipment (€-1m)** and **tax assets (€-3m)** recognised in 2023, resulted in a **net loss of €-34m**.

Statement of financial position

Financial data

	YE23	YE22	YoY chg.
	(€ 000)	*(€ 000)*	*%*
Non-current assets	550,885	585,068	*(5,8%)*
Working capital	102,310	82,350	*24,2%*
Equity attributable to owners of the parent	238,898	256,630	(7%)
Equity	471,278	505,126	*(6,7%)*
Net debt	120,350	101,544	*18,5%*

Working capital



- In the **second half** of the year, **olive oil prices increased even more sharply** due to the prospect of an ongoing scarcity of quality olive oil. That led to an **increase in inventories**, with the attendant **impact on working capital**, which **increased by 24%** from year-end 2022.
- The **increase** in **net debt associated with these circumstances** was **18.5%, ending the year** at **€120m, growth of just €19m,** as most of the **extraordinary impacts** affecting **the bottom line in 2023 were non-cash items.**

Statement of cash flows

Statement of cash flows

	2023	2022	YoY chg.
	(€ 000)	*(€ 000)*	
Opening cash balance	**65,529**	**86,436**	**20,907**
Profit/(loss) before tax	(30,240)	15,308	45,548
Adjustments to profit:	57,336	26,003	(31,333)
Change in working capital	(22,846)	(11,562)	11,284
Cash flow from operating activities	**4,250**	**29,749**	**25,499**
Interest paid	(15,848)	(8,049)	7,799
Tax paid	244	(4,835)	(5,079)
Other cash flows used in operating activities	**(15,604)**	**(12,884)**	**2,720**
Cash flow used in investing activities	**(4,254)**	**3,711**	**7,965**
Cash flow used in financing activities	**(19,237)**	**(41,483)**	**(22,246)**
Net decrease in cash	**(34,845)**	**(20,907)**	**13,938**
Closing cash balance	**30,684**	**65,529**	**34,845**

- Continued high raw material prices are extending the high working capital requirement of recent years.
- The **€-35m** decrease in **cash** was driven mainly by: i) **repayment of €20m** of the **senior tranche** in 1Q23, ii) higher **use of cash** associated with the circumstances prevailing in the olive oil market; and iii) **higher finance costs** as a result of the increase in **interest rates**.
- **Interest payments increased by €7.8m** due mainly to the **effect** of the increase in the **average borrowing cost** but also **greater use of discounting facilities** to finance the growth in inventories.
- We **complied with all of the covenants** stipulated in our syndicated financing agreement.

Conclusions

- **2023** was marked by the **highest olive oil prices on record** and pessimistic forecasts for the **2023/2024 harvest** (in quantity and quality), foreshadowing ongoing **raw material scarcity**. In sum, we had to **navigate the worst market conditions** ever to have faced the sector.
- Our priority was to **defend** our **unit gross margin**, thanks to which we managed to **increase our revenue slightly** despite the drop in **volumes**. Our **opex cutting and rationalisation measures** translated into an **improvement** in **EBITDA** in the **second half** compared to the first half , so that we ended the year with **€30m** of **EBITDA**, **down -30%** from 2022.
- The **increase in interest rates**, the recognition for accounting purposes (**no effect on cash**) of the **modification of our syndicated loan** (€4m) and **greater use of receivables discounting** facilities, essentially, translated into **growth in finance costs of €10m** by comparison with 2022.
- Given the adverse market context, marked by olive oil prices persistently at their highest levels on record, we **tested our assets for impairment using more conservative projections** than those underpinning our 2022-2026 Strategic Plan, an exercise that affected the carrying amounts of our **intangible assets**, where we recognized **impairment losses** of €18m, of our **tax assets** (€3m) and of our **property, plant and equipment** (€1m) at year-end. These accounting entries are non-cash items.
- The **increase in finance costs associated with the debt amendment (€-4m)** and the **recognition of the above-mentioned asset impairment losses (€-22m)**, both of which **extraordinary** and with **no impact on cash**, account for the **majority** (76%) of the **net loss of €-34m recognised in 2023**.
- Execution of **our strategy and roadmap** proved effective in 2023, a year in which we **surmounted exceptionally challenging and unprecedented market circumstances**. Our brands and the company's fundamentals position us for success as soon as market conditions return to normal.
- **2024 has started with many of the same challenges as we faced last year.** However, the strength of our brands, coupled with effective sales management and spending controls, should allow us to continue to **defend our unit gross margin**.
- Our **strategic commitment to sustainability** remains strong and is one of the cornerstones of the Group's strategy, as well as a **growth and differentiation enabler**.

Our sustainability strategy

At the end of the first quarter of 2024, we will present an **integrated sustainability report** which includes all required disclosures under our non-financial reporting requirements and the ESG report we have been publishing annually. The goal is to make progress towards publication of the sustainability report (CSRD) we will have to publish in 2025 in relation to 2024.

Growing together

- Building a responsible supply chain that benefits all stakeholders and improves product quality
- Supporting farmers' way of living to guarantee them a prosperous future

Caring for you

- Making it easier for our customers to eat well and stay healthy
- Respecting and supporting our talented and diverse workforce

Blends made with love

- Creating and producing honest products
- Designing our processes to eliminate waste and reduce our environmental impact

Responsible business

- Upholding business ethics and human rights
- Governing responsibly and inclusively

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Our targets for 2030 will help us drive positive transformation

	Targets	Year of delivery
Growing together	Expanding implementation of sustainable farming worldwide through application of our Sustainability Protocol to ensure that 70% of the extra virgin olive oil we purchase comes from certified olive mills.	2030
	100% of the mills that have endorsed our Sustainability Protocol receive training on best practices in sustainability and resource management annually.	Ongoing
	100% of our flagship extra virgin olive oil brands[1] in Spain and Italy will be certified under the Sustainability Protocol [1]Bertolli, Carapelli and Carbonell	2030
Blends made with love	Raising and supervising olive oil quality standards across the entire sector	Ongoing
	Improving our Zero Waste certification at our two factories	2030
	Reducing our carbon emissions on the basis of the science-based targets initiative (SBTi)	2030
	Reducing the environmental impact of our packaging by reducing the resources we use and increasing its recyclability	2030
	Guaranteeing quality from field to table by means of a blockchain-verified system for our main brands[1] in our key markets[2]	2030
Caring for you	Making 150 million people aware of olive oil's benefits and uses	2030
	Keeping our employees committed	Ongoing
	Fostering a diverse, fair and inclusive workforce	Ongoing
Responsible business	Defending cybersecurity across all our activities and supply chain	Ongoing
	Training our employees on codes of conduct	Ongoing
	Having a positive impact on our entire value chain, guaranteeing that all our suppliers meet our human rights standards	Ongoing
	Reinforcing responsibility by tying the CEO and senior officers' remuneration to our sustainability performance	2024
	Reinforcing best practices around corporate governance	Ongoing

[1] Bertolli, Carapelli, Carbonell and Maestros de Hojiblanca
[2] US, Canada, Spain, Italy, France, Germany, Netherlands and Mexico

SDG

Appendix I – Statement of profit or loss

Statement of profit or loss for 2023

(€ 000)

Revenue	**837,616**	**827,449**	**1,2%**
Cost of goods sold	(737,472)	(701,231)	5,2%
Gross profit	**100,144**	**126,218**	**(20,7%)**
Personnel costs	(47,829)	(49,427)	(3,2%)
Other operating expenses	(22,087)	(33,825)	(34,7%)
Operating costs	**(69,916)**	**(83,252)**	**16,0%**
EBITDA	**30,228**	**42,966**	**(29,6%)**
EBITDA margin, %	***3,6%***	***5,2%***	
Depreciation and amortisation	(36,278)	(17,292)	109,8%
EBIT before non-recurring items	**(6,050)**	**25,674**	**(123,6%)**
Non-recurring items	(1,278)	(384)	(99,7%)
EBIT	**(7,328)**	**25,290**	**(129,0%)**
EBIT margin, %	***-0,9%***	***3,1%***	
Net finance cost	(22,912)	(9,982)	129,5%
PBT	**(30,240)**	**15,308**	**(297,5%)**
Tax	(4,086)	(9,040)	(54,8%)
Consolidated profit/(loss)	**(34,326)**	**6,268**	**(647,6%)**
Attributable to:			
Equity holders of the parent	(17,976)	2,707	(764,1%)
Non-controlling interests	(16,350)	3,561	(559,1%)

Appendix II – Balance sheet

Balance sheet at 31 December 2023

(€ 000)

	YE 2023	YE 2022
Non-current assets	550,885	585,068
Inventories	176,418	140,564
Trade and other receivables	64,014	71,167
Other current assets	10,960	18,496
Cash and cash equivalents	30,684	65,529
Total assets	**832,961**	**880,824**
Equity attributable to owners of the parent	238,898	256,630
Non-controlling interests	232,380	248,496
Non-current borrowings	144,423	159,179
Grants, provisions and other liabilities	10,589	14,522
Deferred tax liabilities	61,211	63,941
Current borrowings	6,611	7,894
Trade and other payables	138,122	129,381
Other current liabilities	727	781
Total equity and liabilities	**832,961**	**880,824**

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Appendix III – Net debt

Net debt at 31 December 2023

(€ 000)

	YE 2023	YE 2022	YoY chg.
	€ m	€ m	%
Non-current liabilities	**144,423**	**159,179**	***(9.3%)***
Non-current borrowings	*143,047*	*157,224*	*(9.0%)*
Other payables	*1,376*	*1,955*	*(29.6%)*
Current liabilities	**6,611**	**7,894**	***(16.3%)***
Total gross debt	**151,034**	**167,073**	***(9.6%)***
Cash	(30,684)	(65,529)	*53.2%*
Net debt	**120,350**	**101,544**	***18.5%***

Disclaimer

- This document may contain forward-looking statements reflecting the intentions, expectations or forecasts of Deoleo, S.A. or its management as at the time of writing.
- There can be no assurance that those forward-looking statements or forecasts will prove to be accurate as they involve risks, uncertainties and other relevant factors that may cause actual results or events to differ materially from those anticipated in those intentions, expectations or forecasts.
- Deoleo, S.A. is not required to publish the result of any review of those statements in light of subsequent events or circumstances, including as a result of changes in the Company's business, business development strategy or any other unforeseen development.
- The contents of this disclaimer should be borne in mind by any individuals or entities that may make decisions or issue opinions on the securities issued by Deoleo, S.A., specifically including the analysts and investors with access to this document.
- Readers are referred to the public documentation and information communicated or registered by Deoleo, S.A. with the competent authorities, particularly Spain's securities markets regulator, the CNMV.
- This document contains unaudited financial information such that is it not definitive information and could be modified in the future.
- As required by the European Securities and Markets Authority (**ESMA**), below is a **description of the main alternative performance measures (APMs) used in this report**. These measures are used often and consistently by the Group to give an account of its performance and their definition has not changed:
  - **EBITDA:** Profit or loss from operations before: depreciation and amortisation charges; impairment and gains or losses on the derecognition and disposal of non-current assets and non-current assets classified as held for sale; and other non-recurring income and expenses.
  - **Net debt:** Gross borrowings less cash and cash equivalents.
  - **Working capital:** The portion of current non-financial assets that are financed using long-term funds. It is calculated as follows: Inventories + Trade and other accounts receivable - Trade and other accounts payable.

Deoleo®

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