



Salov SpA: Approved the 2023 Consolidated Financial Statements

Positive signals in a challenging year for the oil sector: 5% revenue increase, brand market share growth in Italy, and successes in Canada, Brazil, USA, and UK.

Massarosa (LU), May 28, 2024 - The ordinary shareholders' meeting of Salov S.p.A., an industrial group among the leading global players in the oil sector, has approved the 2023 consolidated financial statements.

Salov, which is headquartered and has a production facility in Massarosa (Lucca) and owns the historic brands Filippo Berio and Sagra, closed the 2023 fiscal year with sales of over 105 million liters of oil. The consolidated revenue amounted to €518,253,000, marking a 5% increase compared to €491,456,000 recorded in 2022.

Summary of a Challenging 2023

For the oil sector, 2023 was anything but smooth sailing. The year was marked by a recurring shortage of olive oil raw material due to a poor harvest in Spain, with overall volumes nearly halved compared to production potential. This pushed the prices of EVOO (extra virgin olive oil) and olive oil to unprecedented levels. For instance, EU COMMUNITY EVOO reached peaks of around €9.50 per kg, more than double the highs during previous poor harvest years (2006, 2015, 2017) and about four times higher than the low recorded in 2020 (*Source: Bulk quotations for OLIVE OIL: Granaria Milan Association – May 2024*).

In the seed oil market, sunflower oil prices stabilized during 2023. The abundant supply of raw material from Ukraine contributed to cost consolidation despite ongoing challenges with sea transportation due to the Russian-Ukrainian conflict, leading to increased shipping costs due to reliance on land transportation.

Despite operating in unfavorable conditions, Salov managed various markets, maintaining high competitiveness and confirming substantial sales volumes. The 12.5% decline compared to 2021 and 2022 is less severe than the consumption drop seen in many countries, resulting in significant market share growth for the company in its operating regions.

"2023 will be remembered as a year of hardship for the oil sector. Not only did the expected reversal in raw material availability and costs not occur, but additional economic and financial challenges further constrained companies' maneuverability, affecting their financial results," commented Fabio Maccari, CEO of Salov S.p.A. *"Nevertheless, the 2023 consolidated financial statements confirm and validate the strengths already evident in 2022, namely Salov's solidity and responsiveness in facing new global challenges, not merely mitigating their impact but managing various markets and maintaining high competitiveness. Furthermore, I can cautiously add that there are positive feelings about the developments of the next olive oil campaign, and thus market improvements might already appear this year, leading to a normalization of supply and consumption by 2025."*

Market Growth

The statements by the CEO are reflected in the growth data of Salov and its brands in Italy and key international markets. At the close of 2023, Salov became the third-largest producer in the Italian market for vegetable oils (EVO, Olive, Seed). In the extra virgin olive oil category, Salov holds a 3.8% market share (+0.5% year-on-year), with 1.5% contributed by the Filippo Berio brand. In olive oils, the Sagra and Filippo Berio brands together reached a total market share of 5.3% (+1.8%), with 2.6% attributed



to Filippo Berio. In seed oils, the market share is 7.2% (+1%) solely under the Sagra brand [source: NielsenIQ Total Modern Distribution - December 2023].

Internationally, commercial success was notable in Brazil and Canada. In Brazil, the Filippo Berio brand reached a new peak at the end of 2023 with a 3.6% market share by volume, ranking sixth in volume and becoming the leading Italian brand in a vast but fragmented market [source: Nielsen – December 2023]. In Canada, according to the latest available data, Filippo Berio achieved a 4% market share by volume nationally and 7% by volume on the West Coast [source: Nielsen – October 2023].

Outstanding performances were also noted in the US and UK branches, benefiting from the successful reception of the brand extension of Filippo Berio into new lines of pesto and ready sauces, with the latter winning awards in the UK at the Great Taste Awards 2023.

Investments and Sustainability

In 2023, Salov continued its capital investment program aimed at modernizing, improving efficiency, and enhancing the Massarosa facility while adhering to sustainability guidelines.

Besides consolidating digital management, reporting, and marketing platforms, Salov planned further increases in the storage capacity for extra virgin olive oil, modernization of the ecological area, and construction of a new warehouse for packaging storage.

The Group published its 2022 Sustainability Report in 2023, showing significant progress in environmental, social, and economic sustainability. Notable achievements include almost half (44%) of the expenditure on raw materials and supplies directed towards local suppliers, an increase in the number of "Metodo Berio" supply chains certified by SGS for the production of Filippo "Berio Method" and Filippo Berio Sustainable Select EVO oils, and the widespread adoption of 100% recycled packaging materials. This commitment was recognized with the "Best Packaging 2023" award for Sagra seed oil bottles made from 100% recycled PET at the Grocery & Consumi Awards during Cibus Connecting Italy 2024.

In terms of cybersecurity, after two years of intensive work and specific training involving the entire organization, Salov obtained ISO 27001 certification related to the centralized IT services project supporting business processes, a crucial tool for managing information security and associated risk.

Salov SpA was founded in 1919 by Giovanni Silvestrini, a historic business partner of Filippo Berio, the founder of the eponymous brand, along with a group of entrepreneurs from Lucca. The company quickly became a reference point for Lucchesia globally. Salov is headquartered in Massarosa, in the province of Lucca, and is one of the largest companies in the oil sector, with consolidated net revenues of approximately 491 million euros and 120 million liters sold in 2022. Since 2015, it has been part of the international Bright Food Group.

The Salov Group has always been present in the Italian market with the historic Sagra brand and, at the end of 2019, launched the Filippo Berio brand in Italy for the first time. Filippo Berio is a brand with over 150 years of history, present worldwide and holding a leadership position in the USA and UK, as well as in Belgium, Switzerland, and Hong Kong.

In Italy, Filippo Berio offers a dedicated range designed to meet the demands of increasingly discerning consumers in terms of quality, traceability, and sustainability. Thanks to the Berio Method, every phase of the production process is tracked and certified, starting from the field and the application of sustainable integrated production techniques.