

Integrated  
Financial  
Statements  
**2022**



# Why these Integrated Financial Statements?

The objective of this document is to illustrate how our strategy, governance and performance enable us to create value for the Group and for the Stakeholders, in the short, medium and long term.

The traditional Report on Operations pursuant to the Italian Civil Code is therefore contained in the chapter on Financial Capital.

**Enjoy!**

# Summary

Highlights 2022	4-5
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Message to Stakeholders	6-7
-------------------------	-----

The Integrated Vision of Value Creation	8-9
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Report on Operations	11-129
----------------------	--------

Consolidated Financial Statements	131-215
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Contacts	216
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## Table of Contents

Report on Operations	Consolidated Financial Statements
<b>1. EPTA GROUP</b>	<b>4. EPTA GROUP CONSOLIDATED FINANCIAL STATEMENTS</b>
1.1 Group Profile	4.1 Financial Statements
1.2 Mission, Vision and Values	4.2 Notes to the Consolidated Financial Statements
1.3 Corporate Governance	
1.4 Epta's entrepreneurial formula	
<b>2. RESPONSIBLE BUSINESS MANAGEMENT</b>	<b>5. ANNEXES TO THE FINANCIAL STATEMENTS</b>
2.1 Risks and opportunities in the external context	5.1 Consolidation perimeter
2.2 Governance and Sustainability Strategy	5.2 Methodological note
2.3 Stakeholder engagement and Materiality	5.3 Guidelines and Reporting Process
<b>3. POSITIONING AND PERFORMANCE OF THE EPTA GROUP</b>	5.4 Reporting period
3.1 Productive Capital	5.5 Reporting perimeter
Quality, safety and conformity of Epta products	5.6 Table of GRI indicators
Processes and production capacity	5.7 Auditors Reports
Responsible Supply Chain Management	
3.2 Intellectual Capital	
Investments	
Research and development activities	
Management systems and certifications	
Patents, rights and licenses	
3.3 Financial Capital	
Communication to shareholders by the Board of Directors	
Comment on the general economic scenario	
Trends in the Sectors in which the Group operates	
Analysis of the consolidated financial situation	
Analysis of the performance of the Group companies	
Economic value generated and distributed to stakeholders	
Transactions with related parties	
Other information	
Business outlook	
3.4 Relational and social capital	
Communication strategies and channels	
Service quality, customer relations and complaint management	
Relations with public institutions and the community	
Awards and Recognition	
Privacy	
Information security	
3.5 Human Capital	
Personnel policies	
Workforce and labour costs	
Composition and characteristics	
Training	
Health and safety	
Remuneration system	
Corporate welfare and organizational well-being	
3.6 Natural Capital	
Environmental Policy	

# Highlights 2022

## Financial CAPITAL

 **1.367** mln euro  
revenues

 **123** mln euro  
Adjusted EBITDA

 **50** mln euro  
Net Profit

**11** production  
plants



**100%** products available  
with natural  
refrigerants



**100** Countries  
served in the  
world



## Productive CAPITAL

## Intellectual CAPITAL

 **270** engineers in the  
R&D area

 **11** R&D centers of which  
1 Innovation Center

 **31.9** mln euro invested in  
innovation

## HUMAN Capital

 **6.848** employees  
#EptaPeople

 **86.608** hours of training  
(> 8 per person)

 **-18,9%** accident frequency  
(vs. 2021)

**40** participation in trade  
Fairs and Conferences



**1<sup>^</sup>** Social Media  
Policy of the Group



## SOCIAL AND RELATIONAL CAPITAL

**4** new awards obtained  
in 2022



## NATURAL CAPITAL

 **-29%** consumption of H<sub>2</sub>O  
(vs. 2021)

 **92%** recycled waste

 **-19%** CO<sub>2</sub> emissions  
(vs. 2021)

# Message to Stakeholders

Dear Readers,

following the path started in 2012 with the publication of the first CSR Report, we are publishing our second Integrated Financial Statements this year.

We are firmly convinced that transparent and rigorous communication is the basis for understanding - and having people understand - what has been achieved and reflect with foresight on the goals for the coming years.

2022 reaffirmed the importance of **knowing how to get involved, to be ready to embrace novelty and to understand how to adapt to change**: despite the unstable macroeconomic conditions, we faced and ended this year with the same spirit of motivation that has always distinguished us, in full consistency with our values and our growth strategy. Growth was also confirmed in 2022, reaching a turnover of **Euro 1.367 million**.

We have renewed our Board of Directors, enriching it with professionalism brought by no less than **5 out of 9 Independent Directors** who will accompany us in our future growth. Alignment with best practices was also realized with the establishment of the **ESG Advisory Committee**, which will support us in the pursuit of sustainable success.

The year just ended also saw the publication of a new edition of our **Code of Ethics**, which has guided the actions of all of us since 2008. Indeed, I am convinced that we can only continue to create value for our Group and society as a whole through the inspiration of common values. The update of the document intends to **reaffirm our ethical approach to business**, based on respect for people and the environment, responsible and fair behaviour, integrity and respect for legality and diversity in the countries where we operate, as well as a focus on research and innovation, sustainability and the quality of our solutions. What we call, in two words, **"Sustainable Innovation"**.

Finally, we have also invested in Group companies, products, digitization and systems, sustainability and

training; in short, **we have invested in our future**.

**Concrete actions and people**: these are the assets that make it possible to turn ambitious and challenging corporate strategies into reality, as we will demonstrate at upcoming trade fairs, starting with Euroshop.

I am very proud of what has been done, of the determination shown to overcome the difficulties and **I thank every single person at Epta and their families** for the dedication, patience and will to improve shown every day.

With this awareness we can **continue on our path of growth** with the ingenuity, determination and passion that distinguish us to become **"Undisputed Leader in Commercial Refrigeration in All our Geographies"**.

**Cav.Lav. Eng. Marco Nocivelli**  
Chair and CEO



# The Integrated Vision of Value Creation

Developing an integrated vision of the creation of shared value within a company means defining, implementing and monitoring the company's policies, decisions and activities with a long-term perspective, placing the expectations and demands of stakeholders at the heart of the strategy and deeply integrating operational and financial performance with "non-financial" performance.

The economic and social context in which we operate is characterized by an ever-increasing level of complexity, and every decision-making process is determined and influenced by a multitude of interconnected factors linked to the expectations of countless Stakeholders.

Successfully addressing these scenarios requires the development of **an integrated and inclusive approach** in areas such as:

- the definition of corporate strategies,
- activity planning, performance measurement,
- the ability to communicate with Stakeholders through rigorous, transparent and comprehensive reporting processes.

In order to facilitate the adoption of an **integrated approach to value creation** it is necessary that the reporting activity is not limited to presenting the most significant financial data, nor does it dwell on the enhancement of the social and environmental impact created without highlighting its ability to generate economic value for the entire Organization.

The Integrated Financial Statements, therefore, become a **tool for the implementation of the strategy** and create a privileged relationship with Stakeholders, demonstrating the consistency between mission, business model, operational choices and results achieved, as well as the attention of the Group in ensuring a proper balance between short term competitiveness and medium to long term sustainability.

## The International <IR> Framework

The Integrated Financial Statements succinctly describe management's ability to manage, monitor, and communicate the complexity of the value creation process over time. In order to be effective, this reporting must contain the integration of financial, management, governance and sustainability information, thus providing investors and other Stakeholders with an overall picture of the Organization's main performance and enabling them to understand what the future might hold.

Developed by the IIRC (International Integrated Reporting Council), the International <IR> Framework enables organizations to describe value creation strategy and performance effectively and transparently by defining the guiding principles and content elements that characterize an Integrated Report.

**A Report prepared according to the guidelines of the International <IR> Framework illustrates the ways in which the Organization interacts with the external environment and presents the Capital used to create value in the short, medium and long term.**

Within the Framework, Capital is defined as a stock of value that is increased, reduced or transformed by the company's activities and the organization's outputs and is divided into six types.

### › Financial Capital

Set of funds that the Organization can use to produce goods or provide services.

### › Productive Capital

Physical objects (e.g., buildings, machinery, equipment, etc.) that the Organization can use to produce goods or provide services.

### › Intellectual Capital

Intangible assets such as patents, copyrights, software, licenses, procedures, protocols, etc.

### › Human Capital

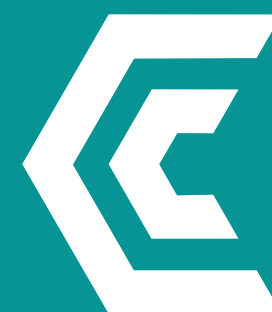
People's skills, abilities and experience and their motivation to innovate.

### › Social and Relational Capital

Relationships between groups of Stakeholders in order to increase individual and collective well-being (e.g. rules, shared values, reputation, etc.).

### › Natural Capital

All environmental processes and resources, both renewable and non-renewable, that provide goods or services for the past, present, and future success of the Organization.



# REPORT ON OPERATIONS

# 1. EPTA GROUP

- 1.1 Group Profile
- 1.2 Mission, Vision and Values
- 1.3 Corporate Governance
- 1.4 Epta Entrepreneurial formula:

# 1.1 Group Profile

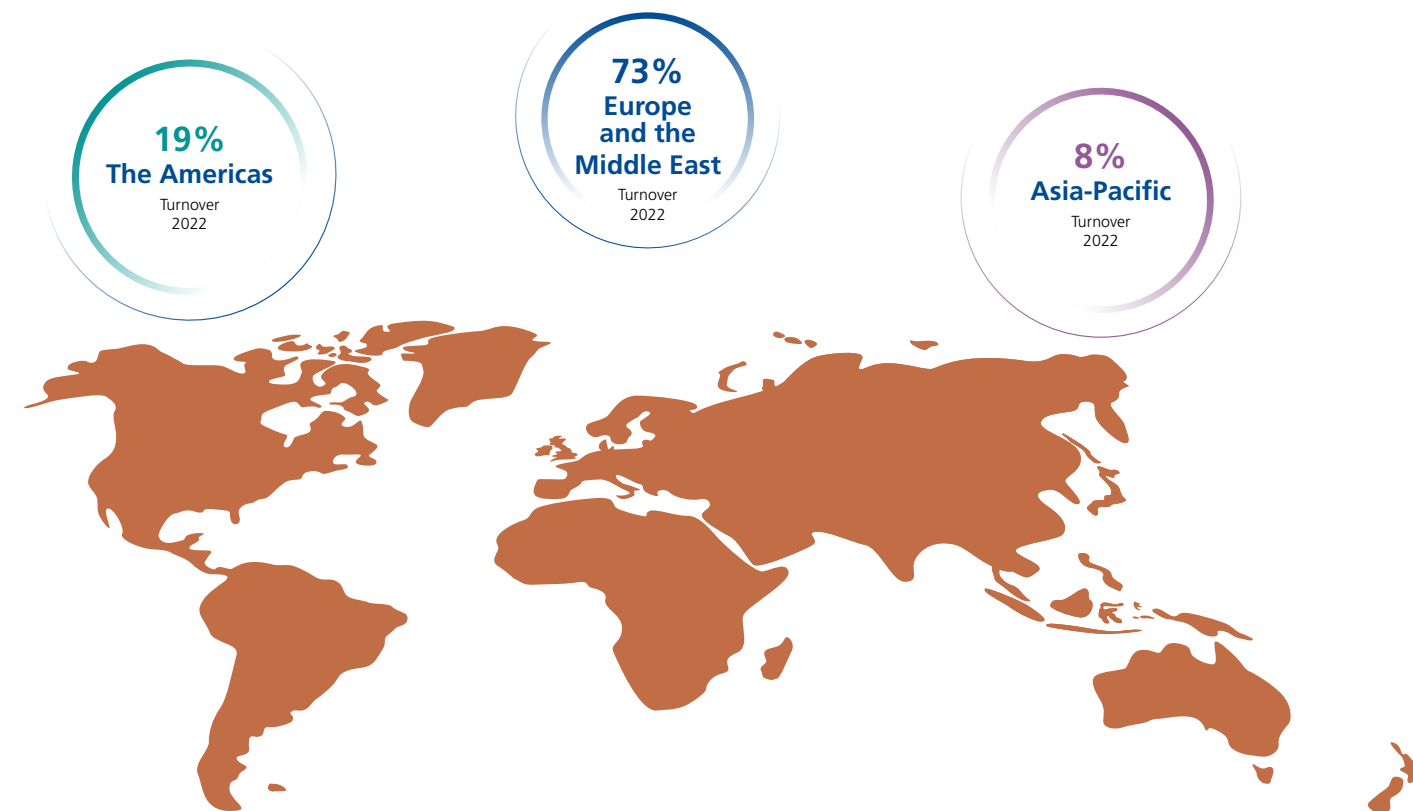
Epta is a multinational industrial group active on five continents, specializing in commercial refrigeration.

## What we do

We specialize in the **design, manufacture, sales, installation and servicing of complete refrigeration solutions** such as refrigerated counters, cold rooms and refrigeration systems with state-of-the-art technology and high quality design, for the Retail and Food & Beverage world.

## How we operate

We interpret the needs of consumers from the most **diverse countries**, resulting in sustainable refrigeration technologies that, with an eye to the future, create value for customers all over the world with the least environmental impact.



# Our Story

The Epta Group (from the Greek , meaning "seven") was founded in 2003 in Italy thanks to the genius and entrepreneurial ability of Luigi Nocivelli, putting the symbolic value of the family of 7 children at the centre of the initiative.

At the time of incorporation, it consisted of, in addition to the holding company **seven subsidiaries** with a strong tradition and an established position in their respective markets: Costan S.p.A. (Italy), Intercold GmbH (Austria), Bonnet N  v   S.A. (France), Costan Market S.A. (Argentina), B.K.T. Bonnet K  ltetechnik GmbH (Germany), Alser Innovation S.A. (France) and George Barker Ltd (UK).

Over the years **the Group has undergone exceptional growth, aimed at expanding its product range and consolidating its international presence**, by setting up new companies and acquiring other businesses operating in the commercial refrigeration market.

## 2003 - 2010

In its **first decade**, Epta entered China, Colombia and Turkey, acquiring Eurocryor S.p.A. (active in the production of refrigerated display cabinets and other customized refrigeration solutions for prestige retail outlets) and 42% of VSD Engineering Enterprise Pte Ltd., expanding its presence and potential in the APAC market.

In **2012**, Marco Nocivelli became CEO, accelerating the Group's development process along external lines and making the M&A department structural within Epta.

## 2010 - 2020

The **second decade** saw the establishment of Epta International, a company under Hungarian law of strategic importance for the Group's expansion into Eastern European markets, and the acquisition of 100% of Misa S.r.l. was completed in two steps.

Epta's purchase of Iarp S.r.l. marks the beginning of the Nocivelli family's fruitful collaboration with the **Triglio Godino** family, allowing them to expand their product range, know-how and production capacity, and to grow further in Italy and Thailand.

The Group then strengthened its international presence first in South America and the UK and then in the Northern European market (Denmark, Finland and Norway).

In **2015**, it consolidated its position in Asia with acquisitions in the Philippines and the establishment of a new company in Australia.

Between **2016** and **2017**, the Group's corporate structure in Italy was simplified: Misa, Iarp, Costan and Eurocryor are merged into Epta.

Once the internal reorganization was completed, a new campaign of extraordinary transactions was launched: **in 2019, "Kysor Warren" was acquired**, a historical brand in the US market with which the Group entered the North American market. The presence in Poland, Romania and New Caledonia is further developed.

## 2020 - TODAY

The **third decade** also opened with continued international expansion, with acquisitions in Chile, Finland and Portugal.



## Our present

Thanks to an experienced management team, Epta supports, promotes and shares with all Stakeholders **a culture based on the principles of sustainability, reliability and quality of the solutions offered and on principles of safety, competence and employee development.**

Thanks to strategic acquisitions and an important international expansion, we have a solid and well-balanced competitive position both geographically and in the different business areas thanks to valuable brands and a widespread presence guaranteed by more than 40 direct subsidiaries.

## Our Business

The Group's **Development Plan** provides for dimensional growth, both internally and externally.

Three key pillars:



Our customers include **the most important players in the large-scale retail and Food & Beverage market worldwide**, with whom we have established long-standing relationships.

The quality of our products is evidenced by the **numerous certifications** that attest to their performance and energy-saving levels, which are constantly updated over time, as well as by a solid industrial culture capable of directly overseeing the entire production and distribution process chain.



Our customers include the most **prestigious brands** recognized worldwide for their history and uniqueness, as well as for the quality of their products: Costan (1946), Bonnet Nève (1930), Eurocryor (1991), Misa (1969), Iarp (1983), and Kysor Warren (1882).

## Main activities of the Group

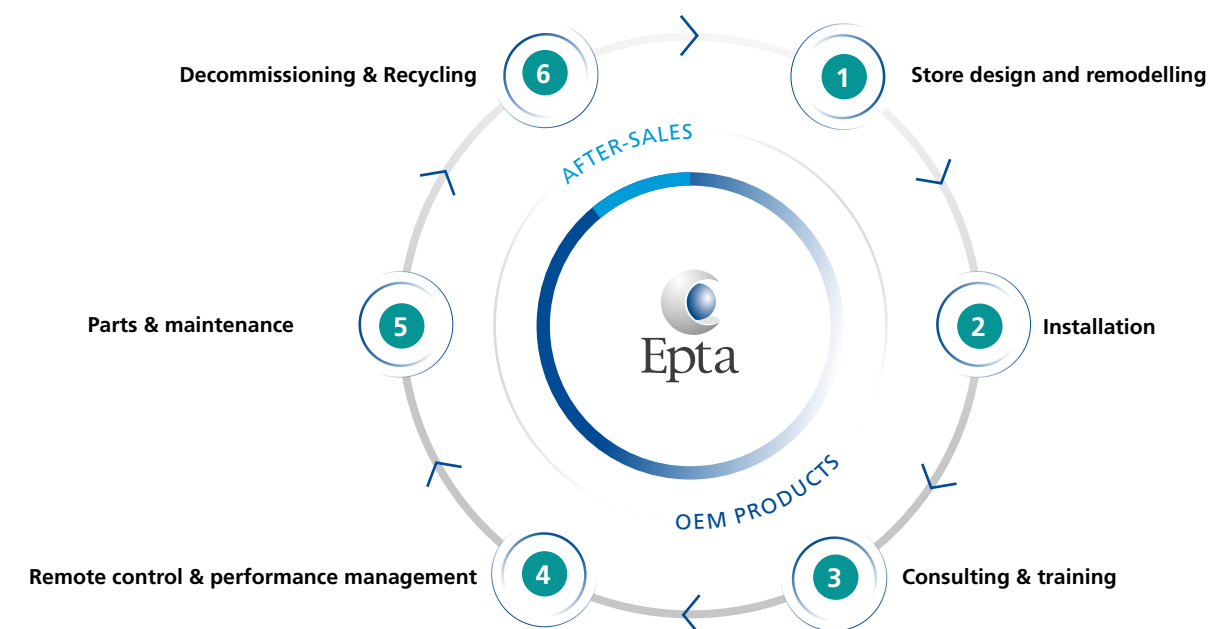
More than 6.800 employees on 5 continents, a direct and indirect presence in over 100 countries, 11 research and development centers, including 1 Innovation Center to look to the future of refrigeration technologies and 11 production facilities, located in 8 countries in Europe, America and Asia for a total of over 390,000 square meters, and a production capacity of 490,000 units per year.



Our Group is rooted in Italian entrepreneurial history, and combines a culture of design and attention to detail with a vocation for sustainable international growth.

This is reflected in the consolidated performance with **revenues of Euro 1.367 million in 2022**, of which the percentage realized abroad in the years ended 31 December 2022, 2021 and 2020 was 87%, 87% and 85% of total revenues, respectively.

**Epta directly oversees the entire chain of the production and distribution process**, which begins with the product conception and design phase and ends with delivery to the customer and the subsequent after-sales service, either in person or through an extensive network of distributors operating worldwide.



## Business Lines

The Group segments its activities on the basis of reference markets and the product or service offered, thus identifying **three Business Areas or Business Units (BUs)**.

### Business Unit RETAIL

It includes research, development production and marketing of complete commercial refrigeration systems for **large and small-scale retail trade**.

It includes research, development, production

and marketing of refrigerated counters with an incorporated unit (so-called "plug-in") and the provision of after-sales services for **operators in the food, hotel and catering industry**.

It includes the provision of **after-sales services** such as:

### Business Unit FOOD & BEVERAGE

### Business Unit AFTER SALES

- › maintenance and replacement services for commercial refrigeration equipment;
- › qualified consulting and training activities;
- › activities of energy requalification of systems and products for refrigeration as well as adaptation of the same in order to make them comply with the regulations and technical provisions in force (so-called "retrofit");
- › remote surveillance and performance management, with 24/7 remote product performance monitoring to maximize energy efficiency and simplify and streamline maintenance processes;
- › decommissioning and recycling services - for large and small retailers.

These services are provided not only with reference to products manufactured by the Group, but also with reference to products manufactured by third parties; therefore, the customers of the After Sales BU are both new entities and companies that have already purchased our products in the past.



RETAIL - Free service refrigerated counters for large-scale retail trade



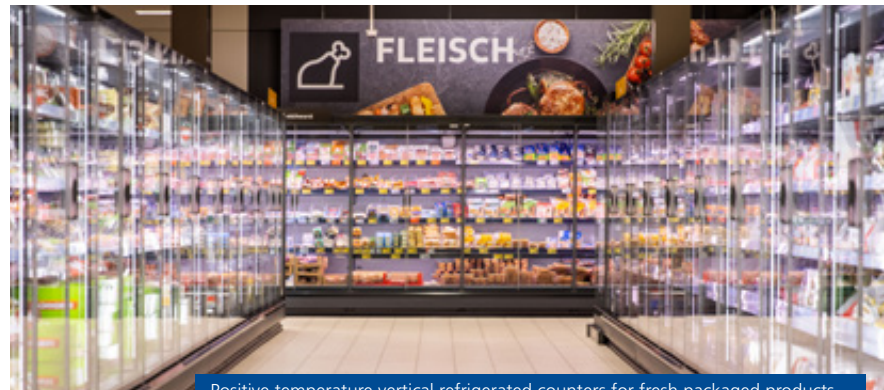
FOOD & BEVERAGE - Plug-in refrigerated counters for ice cream and beverages



AFTER SALES - After sales services

## Products

Epta specializes in the production and marketing of complete systems for commercial refrigeration, ensuring a variety of solutions for the preservation and display of fresh and frozen products.



Positive temperature vertical refrigerated counters for fresh packaged products



Assisted service horizontal showcases for specialized stores



Refrigerated counters with incorporated group for large-scale retail trade

All of our solutions are characterized by **innovative and functional design** as well as **energy efficiency** and **sustainability**, guaranteed by the use of natural refrigerants: characteristics that are the result of both our long experience in the commercial refrigeration market and the intensive research and development conducted over the years.

The Group's products can be grouped into the following **3 main categories**.

1



### 1. REFRIGERATED COUNTERS

- Horizontal refrigerated display cases and cabinets (assisted and unassisted service) for fresh, bulk and packaged foods.
- Positive temperature vertical and semi-vertical refrigerated counters for packaged fresh products.
- Vertical and horizontal negative temperature refrigerated counters for the storage of frozen foods.
- Small and medium sized embedded group plug-in refrigeration counters for Retail Market operators.
- Small and medium sized plug-in refrigerated counters for operators in the Food & Beverage Market as well as the hotel and restaurant industry.

### 2. REFRIGERATION UNITS

The category includes small, medium and large power refrigeration units, functional to meet the refrigeration needs of retail market operators of any size, from small stores to large hypermarkets.

The central refrigeration unit and the piping system connected to it are responsible for distributing the refrigerant fluid to each counter or cold room in the point of sale, ensuring that the correct storage temperature is maintained for the products inside.

### 3. COLD ROOMS

For commercial and industrial use.

2



3



## 1.2

# Mission, Vision and Values

"Proud to contribute to the success of our customer's sales outlet.  
Simple, safe and appealing purchases".

## OUR MISSION

**We focus on the success of our customer's point of sale.**

We talk about a **"simple" purchase because we are to all intents and purposes a "one-stop-shop"** to provide an all-inclusive service that starts from shop design and co-development of solutions, goes through implementation and the possibility of tele-control and tele-management, and ends with after-sales service and disposal of old equipment. A "zero hassle" philosophy that allows the customer to focus on their core business.

We talk about a **"safe" purchase because we are reliable and certified**, a distinguishing factor in our industry.

Finally, we speak of an **"appealing" purchase because we are able to customise solutions for our customers**, optimizing the merchandising of the products on display.

"The preferred local partner for customized product and refrigeration system solutions.  
The ultimate technology and design for the unique store".

## OUR VISION

**We want to be the "preferred local partner" because we have always believed in sustainable development, in the creation of shared value and in the contribution that business can make to improve the territories, organizations and communities within which it operates and with which it actively collaborates and interacts.**

We invest in initiatives aimed at protecting the environment, developing people and creating a safe, collaborative and stimulating working environment with respect for each of our employees.

**We use "ultimate technology and design" to make our products safer, more efficient and more environmentally friendly** and to actively contribute to the success and growth of our customers and all our Stakeholders.

We look with enthusiasm at the challenges that our time offers us, trying to seize the opportunities for growth and improvement. With this in mind, we have initiated collaborations with innovative start-ups and sponsored research projects that aim to develop smart and connected products capable of capturing and satisfying the new needs of our customers and their target markets, such as, for instance, the growing development of proximity shops, new click&collect and fast shopping modes, the reinterpretation of discount formats, and IoT technologies that are rapidly spreading driven also by the development of AI, Business Intelligence and social changes fuelled and accelerated by the epochal changes that have occurred in the world since 2020.

## OUR VALUES

Responsibility, trust, loyalty,  
honesty, fairness, transparency,  
efficiency, meritocracy

**In order to achieve the goal of excellence that Epta has set itself since its inception, we rely on a series of principles and values that represent genuine foundations of the entire organization, underpinning the strategies, decisions and actions that characterize our daily actions.**

Responsibility, trust, loyalty, honesty, fairness, transparency, efficiency, meritocracy: **principles and values that are clearly expressed in our Code of Ethics**, because they are confirmed and pursued by all of us at Epta as well as by all those who work with our Group.

## The Epta System

**Epta's strategic centre of gravity** lies in the winning combination of products, services, technologies, ideas and people that enable our Group to act as an integrated partner to support the different needs of customers and Stakeholders.

**The Epta System is based on the principle of Sustainable Innovation:** a heritage of values, experience and technological ethics that guides the Group's process of advanced and responsible innovation.

We understand sustainable innovation as any innovation that brings ideas, processes and products that minimize the impact on the environment to ensure sustainable economic development, that is economically viable for our customers, and that improves the well-being of people in accordance with ESG (*Environmental, Social, Governance*) principles.

Epta's *Sustainable Innovation* is **embodied in every area of company life**, taking the form of numerous projects, from reorganizing production, to promoting open innovation, to creating state-of-the-art systems and technologies for sustainable refrigeration, making the Group a socially responsible company.

## 1.3

## Corporate Governance

## ENVIRONMENT: ○ GOVERNANCE

SDGs:



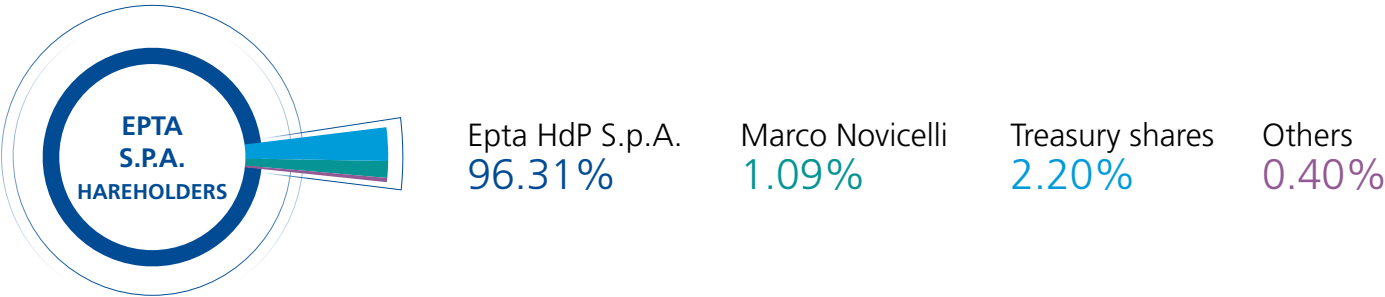
Material Themes	Related impacts INSIDE-OUT	Related impacts OUTSIDE-IN	Activities generated by the impact	Commitments and policies	Actions implemented	KPI	Monitoring processes
<b>BUSINESS CONTINUITY AND ABILITY TO REACT AND ADAPT</b>	Possibility of positively or negatively affecting: • employment stability for company staff; • well-being and prosperity of the main Stakeholders with whom the organization interacts.	<ul style="list-style-type: none"> <li>Strengthening or erosion of the organization's reputational capital in the eyes of its main Stakeholders.</li> <li>Organization's capacity to attract investment and access capital</li> <li>Organization's resilience rate and ability to remain in the market.</li> </ul>	<ul style="list-style-type: none"> <li>Management of supply schedules with respect to customer requirements.</li> <li>Availability of single-source suppliers.</li> <li>Management of the post-pandemic economic recovery, vitiated by stressful situations for the entire supply chain with a direct impact on continuity, flexibility and supply prices.</li> <li>Ability to manage business integration processes, especially in the case of M&amp;A.</li> <li>Production flexibility.</li> <li>Managing the geographical location of plants and sales units.</li> <li>Structure dedicated to the search for new growth opportunities.</li> <li>Capacity for organizational adaptation with respect to flexibility and responsiveness to market-driven changes.</li> </ul>	<ul style="list-style-type: none"> <li>Point 5 of the Group Policy for our management systems: "identify, analyze, assess and review our processes, risks and non-conformities and find best practices for continuous improvement"</li> </ul>	<ul style="list-style-type: none"> <li>Optimization and standardization of production processes.</li> <li>Proactive reaction to market demands.</li> <li>Harmonization of technologies to increase efficiency.</li> <li>Production planning at the various sites to optimize the load according to customer requirements and component availability.</li> </ul>	<ul style="list-style-type: none"> <li>Production trends.</li> <li>Production efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>Allocation of indicators on a monthly basis within the ERP for timely analysis.</li> </ul>
<b>WORK ETHICS, INTEGRITY AND COMPLIANCE</b>	Ability to positively or negatively affect the well-being and prosperity of key stakeholders with whom the organization interacts.	<ul style="list-style-type: none"> <li>Possible manufacturing bans and general administrative responsibilities.</li> <li>Prevention or (vice versa) allocation of sanctions resulting from non-compliance with laws and regulations.</li> <li>Strengthening or erosion of the organization's reputational capital.</li> <li>Investment attractiveness and access to capital.</li> <li>Losses or acquisition of market shares.</li> </ul>	<ul style="list-style-type: none"> <li>Managing compliance with laws and regulations in the markets where the company operates.</li> <li>Protection of legality and prevention of unlawful conduct.</li> <li>Attention to regulatory changes that may lead to threats of sanctions and reputational damage.</li> </ul>	<ul style="list-style-type: none"> <li>Code of Business Ethics.</li> <li>Point 9 of the Group Policy for our management systems: "demonstrate continuous improvement [...] focusing on risks and opportunities, objectives and internal and external audits".</li> </ul>	<ul style="list-style-type: none"> <li>Governance system that ensures that all employees follow appropriate and transparent decision-making processes.</li> <li>Taking care of stakeholders' interests by applying processes that are subject to verification and control.</li> <li>Presence of a Supervisory Body for the verification of the company's operations with the aim of complying with Legislative Decree 231.</li> <li>Internal auditing system.</li> </ul>	<ul style="list-style-type: none"> <li>Reports received by the Supervisory Body.</li> </ul>	<ul style="list-style-type: none"> <li>Supervisory Body</li> <li>Internal auditing</li> <li>Analysis of critical issues by the Control and Risk Committee.</li> </ul>
<b>PRIVACY, DATA PROTECTION, INFORMATION SECURITY</b>	Possibility of positively or negatively affecting the protection of the security and confidential information of customers and all those with whom the Organization interacts.	<ul style="list-style-type: none"> <li>Strengthening or erosion of the organization's reputational capital.</li> <li>Losses or acquisition of market shares.</li> <li>Impact on customer trust.</li> </ul>	<ul style="list-style-type: none"> <li>Ability to deal with cyber attacks and sabotage that may lead to loss of sensitive data and disruptions and/or delays in the conduct of business activities.</li> <li>Management of data processing systems in line with the regulations applied in the individual countries where the company operates.</li> <li>Presence of redundant data back-up systems to ensure continuity of production activities.</li> </ul>	<ul style="list-style-type: none"> <li>Point 10 of the Group Policy for our management systems: "guaranteeing the protection of personal data by collecting and processing them in compliance with the legislation in force".</li> </ul>	<ul style="list-style-type: none"> <li>Regular computer security testing with verification of external penetration of the corporate network.</li> <li>Specific training of all employees on the risks associated with the use of computer systems.</li> <li>Data backup systems.</li> <li>Disaster recovery actions.</li> </ul>	<ul style="list-style-type: none"> <li>Report of both penetration tests and system vulnerability.</li> <li>Report on the level of dissemination of training and on the methods of application of safety systems.</li> </ul>	<ul style="list-style-type: none"> <li>Daily monitoring and tracking of attempts to penetrate the company network.</li> </ul>
<b>GOVERNANCE AND MANAGEMENT OF SUSTAINABILITY RISKS</b>	Possibility of positively or negatively affecting: • compliance with the laws and regulations (even of a voluntary nature) in force in the economic, environmental and social fields; • well-being and prosperity of the main Stakeholders with whom the Organization interacts (e.g. employees, local communities, business partners, etc.); • contribution to the achievement of the Sustainable Development Goals (SDGs) of the UN Agenda 2030, with positive or negative impacts on the environmental, social and economic spheres.	<ul style="list-style-type: none"> <li>Strengthening or erosion of the organization's reputational capital.</li> <li>Losses or acquisition of market shares.</li> </ul>	<ul style="list-style-type: none"> <li>Management of staff training.</li> <li>Possibility of carrying out dissemination of ESG aspects to customers.</li> <li>Integrated business management.</li> </ul>	<ul style="list-style-type: none"> <li>The entire Group Policy for our management systems is based on responsible business management.</li> </ul>	<ul style="list-style-type: none"> <li>Presence of a dedicated committee aimed at defining the guidelines in the ESG area as well as performance monitoring.</li> <li>Definition of an improvement plan linked to the corporate strategic plan.</li> </ul>	<ul style="list-style-type: none"> <li>Accident indices.</li> <li>Energy consumption.</li> <li>Water consumption.</li> <li>CO<sub>2</sub> emissions.</li> <li>Employment trend.</li> </ul>	<ul style="list-style-type: none"> <li>Allocation of indicators on a monthly basis within the ERP for timely analysis.</li> <li>Analysis of critical issues by the ESG Advisory Committee.</li> </ul>

We firmly believe that good corporate governance is essential to generate positive impacts on the environment and society.

On this basis, our Board of Directors, the CEO and the entire organization in general are committed to conducting business through a model based on principles of transparency and accountability, capable of maintaining the trust of shareholders and Stakeholders over time.

1.3.1 Shareholding structure

The following graph shows the composition of Epta S.p.A.'s shareholding structure.



1.3.2 Governance

At Epta, we have adopted a robust Corporate Governance model that aims to ensure transparent and responsible business operations, contributing significantly to the creation of sustainable medium- and long-term value for all Stakeholders.

Although the Company is not listed on an Italian regulated market, we have nevertheless decided to adopt a governance system inspired by international best practices and the principles of the Corporate Governance Code for Listed Companies (the "Code"). In this regard, it should be noted that the Board of Directors is appointed on the basis of the applicable legal and statutory provisions. In particular, the current Board of Directors was appointed by the Shareholders' Meeting of 10 February 2022, effective as of the date of approval of the Financial Statements for the financial year ending 31 December 2021 (and, therefore, as of 24 March 2022), and will remain in office for three financial years, and precisely until the date of the Shareholders' Meeting to approve the Financial Statements for the financial year ending 31 December 2024.

The Board of Directors is vested with all powers of ordinary and extraordinary administration for the management of the Company, without exception, with the sole exception of those acts that the law and the Articles of Association reserve to the Shareholders' Meeting. The Board of Directors may appoint one or more managing directors and determine their powers and attributions, excluding those powers reserved by law to the Board and as set forth hereunder:

- a) definition of the general development and investment programmes and objectives of the Company and the Group;
- b) preparation of the budget;
- c) definition of financial programmes and approval of borrowing operations beyond 18 months;
- d) approval of agreements of a strategic nature.

The Board of Directors, in its meeting of 24 March 2022, in addition to verifying the non-existence of grounds for ineligibility or disqualification, pursuant to Article 2382 of the Italian Civil Code, for the newly elected directors, also verified the existence of the independence requirements set forth in Legislative Decree 58/98, as well as the independence requirements set forth in Article 2 of the Code for the directors Barbara Poggiali, Fabio I. Romeo, Enrico M. Fagioli Marzocchi, Marina Brogi and Patrizia Michela Giangualano.

Furthermore, in the same meeting, the Board of Directors approved the establishment of:

- › a **Remuneration and Appointments Committee**, composed of independent directors Barbara Poggiali (Chairman), Marina Brogi and Enrico M. Fagioli Marzocchi;
- › an **Audit and Risk Committee**, composed of the independent directors Patrizia Michela Giangualano (Chairman), Marina Brogi and Fabio I. Romeo;
- › an **ESG Advisory Committee**, composed of directors Daria Triglio Godino (Chairman), Marco Nocivelli and Patrizia Michela Giangualano and Alberto Grandini, ESG Manager.

Epta's governance structure as at 31 December 2022 comprises:

- › the **Board of Directors**, composed of 9 members, 8 of whom are non-executive (and 5 of whom are also independent); 4 out of 9 members also belong to the less represented gender;
- › the **Control and Risk Committee**, in charge of supporting the Board of Directors' assessments and decisions relating to the internal control and risk management system and the approval of periodic financial and non-financial reports;
- › the **Remuneration and Appointments Committee**, in charge of supporting the Board of Directors' evaluations and decisions concerning the remuneration of executive directors and other directors who hold special offices, as well as managers with strategic responsibilities; it also supports the Board of Directors with regard to the self-assessment process, in the case of co-optation and in the preparation of succession plans;
- › the **ESG Advisory Committee**, in charge of assisting the Board of Directors in sustainability-related assessments and decisions (see in this regard what is reported in Chapter 2 - Responsible Business Management - in the section "Focus on the ESG Advisory Committee").

The Corporate Governance model also includes:

- › the **Board of Statutory Auditors**, responsible for ensuring compliance with the law, the articles of association and the principles of proper administration;
- › the **Supervisory Body**, established pursuant to Legislative Decree 231/01, responsible for supervising the effectiveness, efficiency, maintenance and updating of the organization, management and control model pursuant to Legislative Decree 231/01;
- › an **independent auditing company**, responsible for the statutory audit of the financial statements.

All Committees report to the Board of Directors on their activities at the first useful meeting, by means of a report from their Chairman, including any critical issues encountered in the performance of their functions.

Through the reporting of the Control and Risk Committee, the Board of Directors is also informed of the audits carried out as part of the Internal Audit Department's audit plan and follow up actions, including any critical issues, as well as the reports received within the framework of the organization, management and control model pursuant to Legislative Decree 231/01.

Starting from 2023, it is the Company's intention to initiate, with the support of the Remuneration and Appointments Committee, the process of self-assessment of the Board of Directors and its committees, in line with the Code's recommendations; the process will therefore focus on the size, composition and actual functioning of the Board of Directors and its committees, also considering its role in defining strategies and monitoring management performance, including the ESG sphere.

The composition of the Board of Directors and the Committees is shown below.



Marco Nocivelli	Chair and CEO
Alessandro Nocivelli	Non-executive Director
Enrico Nocivelli	Non-executive Director
Daria Triglio Godino	Non-executive Director
Marina Brogi	Non-executive and Independent Director
Enrico Maria Luigi Fagioli Marzocchi	Non-executive and Independent Director
Patrizia Michela Giangualano	Non-executive and Independent Director
Barbara Poggiali	Non-executive and Independent Director
Fabio Ignazio Romeo	Non-executive and Independent Director

Patrizia Michela Giangualano	Chairman
Marina Brogi	Committee Member
Fabio Ignazio Romeo	Committee Member



Barbara Poggiali	Chairman
Marina Brogi	Committee Member
Enrico Maria Luigi Fagioli Marzocchi	Committee Member

Daria Triglio Godino	Chairman
Patrizia Michela Giangualano	Director
Alberto Grandini	ESG Manager
Marco Nocivelli	Director



In view of the accumulation of the offices of Chairman and Chief Executive Officer held by Mr Marco Nocivelli, the Company also appointed a **Lead Independent Director**, in the person of Marina Brogi, a non-executive and independent director, with the task of representing a point of reference and coordination of the requests and contributions of the non-executive directors and, in particular, of the independent ones, and of coordinating the meetings of the independent directors only.

Profile of the members of the Board of Directors

Marco Nocivelli

A graduate in management engineering from the Milan Polytechnic, he has been a "*Cavaliere del Lavoro*" since June 2020. In 2000 he joined the family company as CEO of Costan and then took on strategic roles aimed at the internationalization of the Group, of which he became General Manager in 2011 and Chairman of the Board of Directors in May 2016. After various appointments, since March 2019 he has held the position of Chairman of ANIMA (*Federazione delle Associazioni Nazionali dell’Industria Meccanica varia ed Affine*, i.e. Federation of National Associations of the Miscellaneous and Related Mechanics Industry).

Alessandro Nocivelli

An electronics engineer graduated "*cum laudem*", specializing in Mathematics and Physics, he holds many other qualifications including MBAs, masters and certificates in Italy, France and the USA. He has been a member of the Board of Directors of Epta since January 2004.

Enrico Nocivelli

After graduating from the State University of Milan with a law degree and an M&A-themed dissertation. He co-founded Epta S.p.A. in 2003 and has since held several key roles within the Group.

Marina Brogi

She graduated with honours in Political Economics from the Luigi Bocconi University in Milan. She is a full professor of "International banking and capital markets" and of "Reporting, Governance and Controls in banking and insurance" at the University of Rome La Sapienza, where she was Vice Dean of the Faculty of Economics from 2011 to 2018.

Enrico Maria Luigi Fagioli Marzocchi

He graduated in Business Administration from Milan's Luigi Bocconi University in 1980 and then held directorships in several Italian and foreign listed companies. In 2018, he participated in the foundation and development of Illimity Bank S.p.A., where he is currently Head of the Growth Credit division.

Patrizia Giangualano

After graduating in Business Administration, she obtained a Master's degree in Tax Law at the Bocconi University in Milan. She is currently Executive Advisor to major companies and financial institutions for the design and implementation of Governance and Sustainability programmes.

Daria Triglio Godino

After graduating in Political Science from the University of Pavia, she completed her education with a Master's degree at SDA Bocconi University on "Generational Changeover in Business". She has been a member of the Board of Directors of Epta S.p.A. since 2013.

Barbara Poggiali

She trained at the Massachusetts Institute of Technology (MIT), where she obtained a Science Bachelor (S.B.) in Materials Science & Engineering, a Master of Science (M.S.) in Materials Engineering and a Doctor of Philosophy (PhD) in the Sloan School of Management & Materials Engineering. She holds various positions as a non-executive director in various companies. She is also an advisor to Bocconi University.

Fabio Ignazio Romeo

He graduated in Electronic Engineering from the Politecnico di Milano in 1979, and subsequently received a Master of Science (M.S.) and Doctor of Philosophy (PhD) in Electrical Engineering - Computer Aided Design & Optimization from the University of California at Berkeley (USA). Over the past 20 years, he has held various positions at Prysmian Group, Pirelli, Magneti Marelli and Honeywell

Information.

## 1.3.3 Business Ethics

### Code of Ethics

Since 2008 Epta has adopted a Code of Ethics in order to identify principles and values on which to base behaviour, working methods and the management of the Group's relations, both internally and with third parties.

**On 24 November 2022, the Board of Directors approved an updated version of the Code of Ethics** which, while confirming the principles of responsibility, trust, loyalty, honesty, fairness, transparency, efficiency and meritocracy on which the Group's actions have historically been based and to which all addressees - internal and external - must conform, has been simplified and rationalized in its structure, updated through the inclusion of some new contents in line with evolving business practices and market trends, and completely renewed in its layout.

**The Code of Ethics, therefore, ethically directs the Group's actions towards cooperation and trust with its internal and external Stakeholders, in the firm belief that a good reputation and corporate credibility favour shareholders' investments, relations with local institutions, customer loyalty, people development and suppliers' fairness and reliability.**

In order to further strengthen its employees' knowledge of the Code of Ethics and ensure that they conform their conduct, within and/or for the Group, to the principles and rules dictated by the Code, an internal communication campaign has been defined to promote the Code of Ethics and a compulsory training programme, both through e-learning and in-person, which will cover the entire Group population.

### Conflicts of Interest - Related Party Transactions

**In the financial year 2022, a new version of the Group Policy on Conflicts of Interest was approved**, which aims to explain what a conflict of interest is in the company and describe the relevant principles and guidelines for the prevention and management of conflicts of interest arising in Epta, in order to protect the company and employees against the consequences of such situations.

The Board of Directors, **on 20 June 2022, also approved the entry into force of a Procedure for Transactions with Related Parties** in line with the legal and regulatory requirements applicable to listed companies, providing for its application to the maximum extent possible in view of the company's status as an unlisted company.

In this regard, the functions that the applicable regulations assign to a committee for related party transactions have been assigned:

- (i) in respect of related party transactions involving the allocation or increase of remuneration and economic benefits to directors and key management personnel, to the Remuneration and Appointments Committee; and
- (ii) in respect of all other related party transactions, to the Control and Risk Committee.

## Anti-corruption

We operate to the highest standards and in compliance with applicable laws and regulations, and we promote and monitor responsible business management.

Issues relating to business ethics, compliance with laws and regulations, anti-corruption and fair competition are monitored through the adoption of the organizational, management and control model pursuant to Legislative Decree 231/01 for Epta S.p.A., as well as by applying the principles of the Group's Code of Ethics.

**During the financial year 2023, the Company intends to adopt a Group Policy on anti-corruption**, in order to take a further step towards enhancing a general culture of compliance in the Group, in line with the ethical behavioural standards defined in the Code of Ethics.

Furthermore, the organization, management and control model pursuant to Legislative Decree 231/01, which applies to Epta S.p.A., includes general rules of conduct and more specific protocols, including control activities that must be complied with in the performance of the relevant activities, defined to prevent the commission of offences, inter alia, related to corruption. Company employees attend training sessions on a regular basis on the contents of the model.

## Reporting mechanisms

The Company has set up reporting channels in order to ensure an adequate flow of information to the Supervisory Body concerning irregularities or violations of the Code of Ethics and of the organization, management and control model pursuant to Legislative Decree 231/01.

**During 2023, we intend to proceed with the implementation of a Group-wide whistleblowing process**, with the aim of providing a dedicated channel for employees, customers, suppliers and business partners to report potential violations of the law (including applicable EU legislation), the Code of Ethics and the organizational, management and control model pursuant to Legislative Decree 231/01.

The procedures for making any reports of irregularities, as well as the process for managing such reports, will be governed by a specific Group procedure, which will be published on our website.

## 1.4

# Epta's entrepreneurial formula

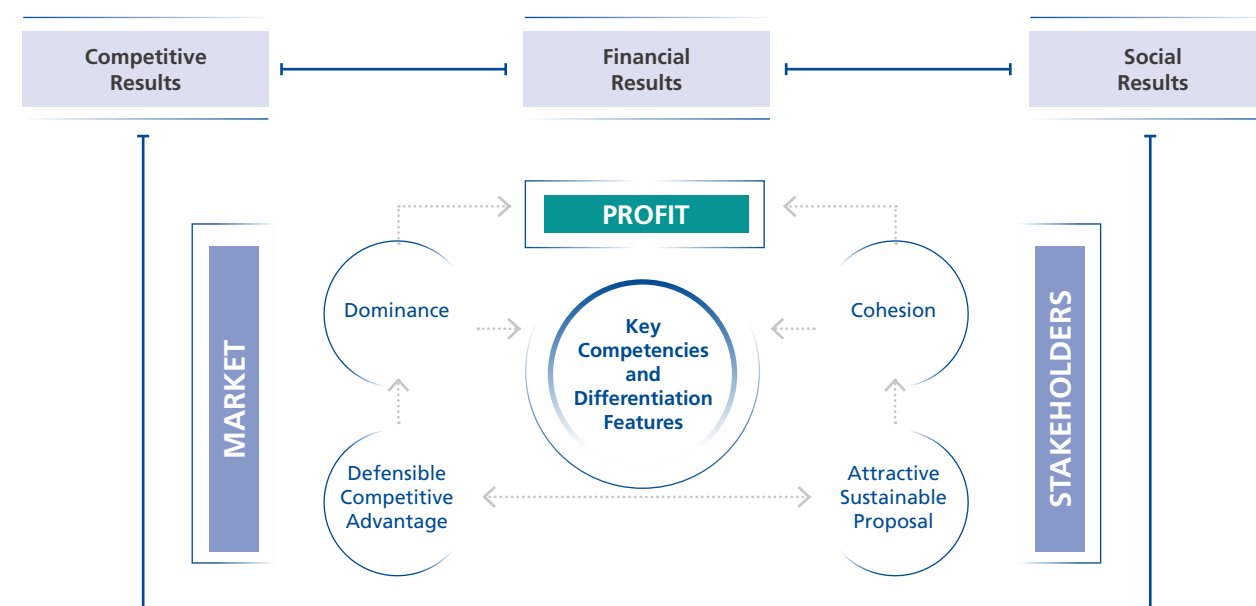
## How we create shared value

Our value creation model is based on a solid and defensible competitive advantage, created through the development of key competences and differentiating factors, complemented by ESG opportunities and logic, the development of digitalization and transparent dialogue with all our stakeholders, in order to generate a relationship of trust with a view to creating shared value in the long term.

Epta's approach to the creation of sustainable value is embodied in the company's strategy, through a criterion capable of seizing opportunities for economic development, but that always takes into account the social and environmental impacts that may result.

With this in mind, **competitive results, social results and economic results are synergetic and self-sustaining**, with a virtuous logic of shared and sustainable long-term value creation.

Our winning Entrepreneurial Formula model is described in the diagram below.



## 1 - Creating a defensible competitive strategy

The Epta Competitive Strategy is designed to support the company's success through:

- the differentiation of products, services and systems, aimed at developing innovative and sustainable solutions to be offered to customers on competitive terms, with the objective of increasing our market share;
- reducing TCO (Total Cost Of Ownership) and increasing value for all Epta's customers and Stakeholders;
- vertical integration aimed at constantly increasing the level of innovative and digital services offered to customers through installation, after-sales and full monitoring, with the objective of increasing customer satisfaction and loyalty levels;
- an extensive strategic presence that aims to consolidate Epta positioning as a global player and partner capable of serving customers in a timely manner and accompanying them in their growth and expansion on all markets.

## 2 - Integration of ESG values into the strategic approach

Value creation is underpinned by a clear focus on environmental and social issues, which are an integral part of business decisions, in line with the objectives set out in our Strategic Plan. This means, on the one hand, developing products capable of bringing about significant improvements in energy performance that anticipate the objectives set by the European green deal; on the other hand, investing in the diversity, professional value and uniqueness of our people - both at managerial and technical/specialist level - who represent the primary value for the Group's current growth and future development.

For this reason, in 2022 **we have developed the Strategic Plan 2023-2026 from an "integrated" perspective, including elements of an ESG nature, supported by solid targets and measurable KPIs.**

The definition of the main objectives and lines of action in the ESG area were developed through the active and transversal involvement of all the various Group companies, in order to bring out the best practices already present in the individual countries and to enable responsible participation at all levels.

The Plan was therefore developed taking into account the priorities that emerged during the discussions and identifying both measurable targets with dedicated KPIs and qualitative initiatives always supported by clear guidance to verify the achievement of the targets.

Among the ambitious objectives at Group level, with respect to **climate change mitigation**, the aim is to reduce GHG emissions by 55% by 2025(1) (-19% in 2022 compared to 2021), thanks to constant investments in photovoltaics and the purchase of 100% certified energy from renewable sources; furthermore, within this plan, 100% of products with low GWP natural refrigerant gases(2) will be offered to the market, combined with a constant commitment to the development of products in energy classes with lower consumption.

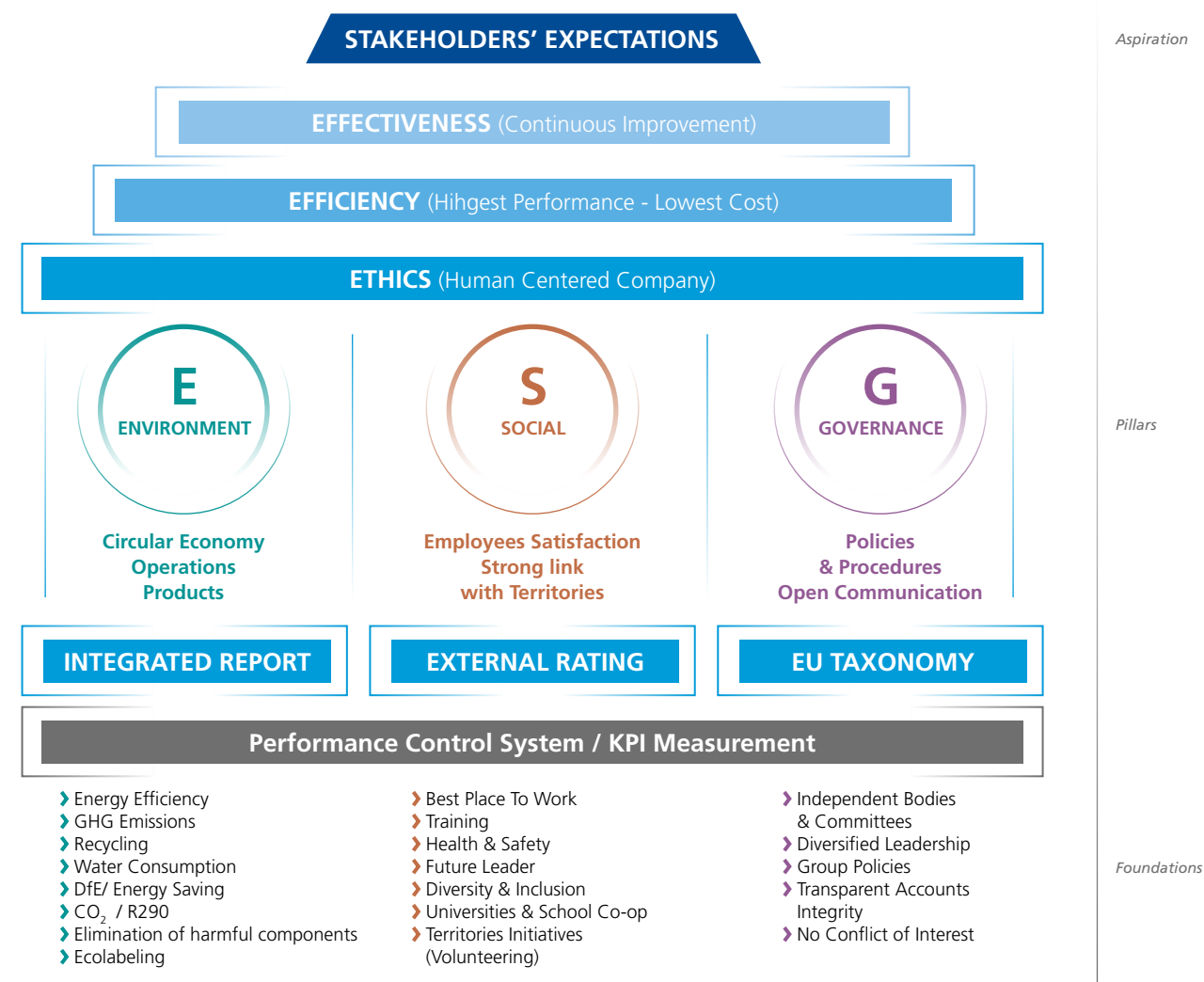
With regard to **social capital**, the focus has been on both health and safety issues, with the constant reduction of the H&S Frequency Index and Serious Index, and on human capital training, with the commitment to guarantee 8 hours of minimum training to all Group employees, as well as projects to develop collaborative initiatives with both schools and universities in the territories where we are present.

1 Starting from the reference year 2021 -> 19,107 ToN CO<sub>2</sub> equivalent.

2 100% of our products are available with CO<sub>2</sub> Gas, a GWP impact = 1 and R290, GWP impact = 6, unlike the old HFC gases with an average GWP impact of 4000.

On the subject of **Governance**, in 2022 the ESG Advisory Committee was established, with a mixed managerial-consultative composition, charged with assisting the Board of Directors in order to promote the continuous integration of national and international best practices in the Company's corporate governance and of environmental, social and governance factors in the corporate strategies aimed at pursuing sustainable success. Finally, attention was also paid to the integrity and transparency of Governance itself through clear and up-to-date policies that take into account cultural differences and enhance the values of diversity and collaboration.

**The ESG strategic approach is summarized in EPTA's "ESG Temple".**



### 3 - Profit generation as a consequence of a virtuous circle

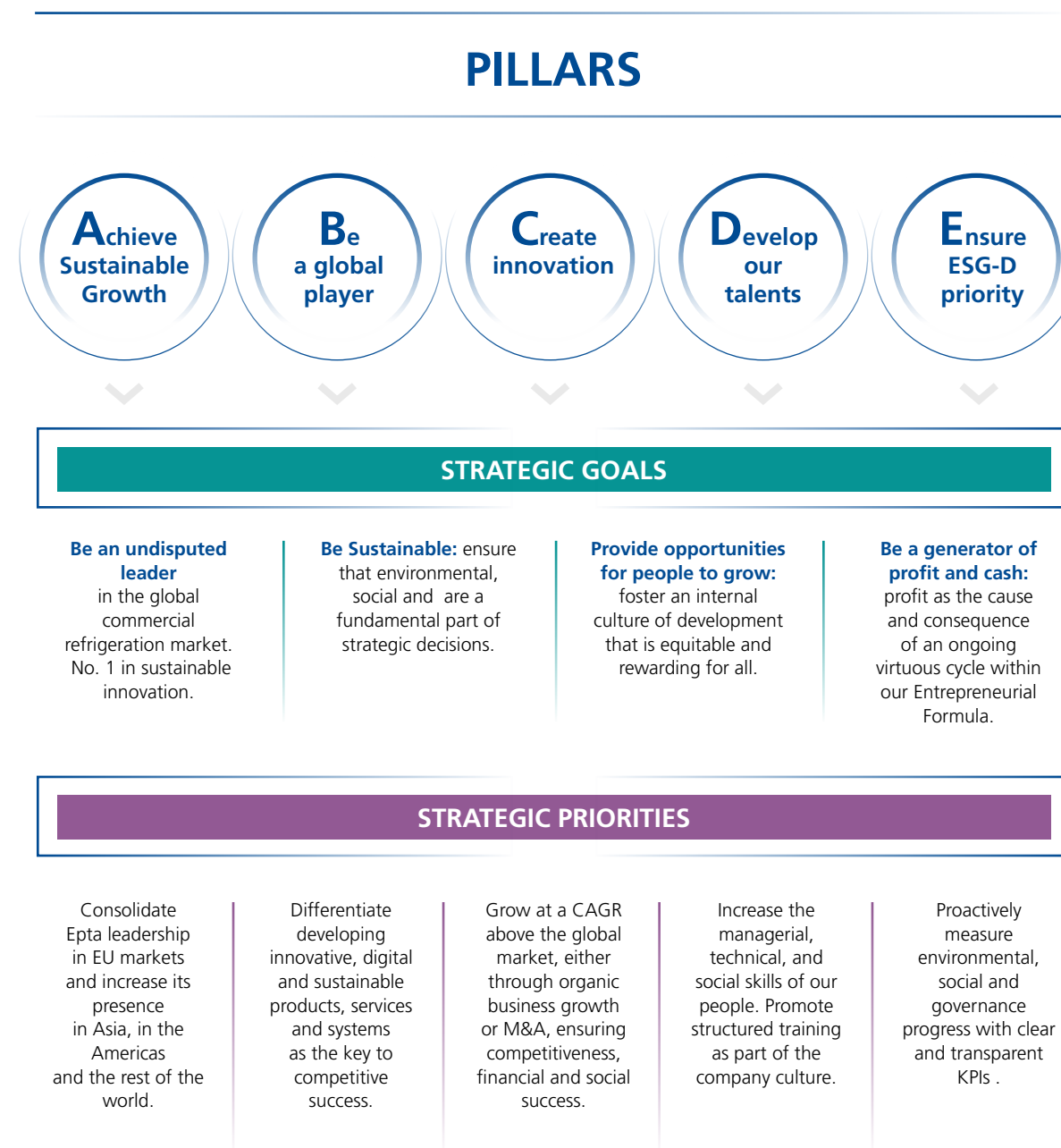
From this perspective, **Profit and Economic-Financial Success in general are seen as both cause and consequence of Competitive and Social Success**, as part of the continuous virtuous circle present in the Successful Entrepreneurship Formula: cause, because the generation of economic-financial resources guarantees the necessary investment to sustain continuous innovation, skills development and social sustainability underlying market success and social attractiveness; consequence, because market dominance and social cohesion guarantee the basis for robust, sustainable and lasting value creation.



The CEO Marco Nocivelli, Cavaliere del Lavoro

## Epta Strategic Guidelines

The Entrepreneurial Formula described finds concrete expression in Epta's Strategy, which is developed around 5 Pillars, as illustrated in the diagram below.



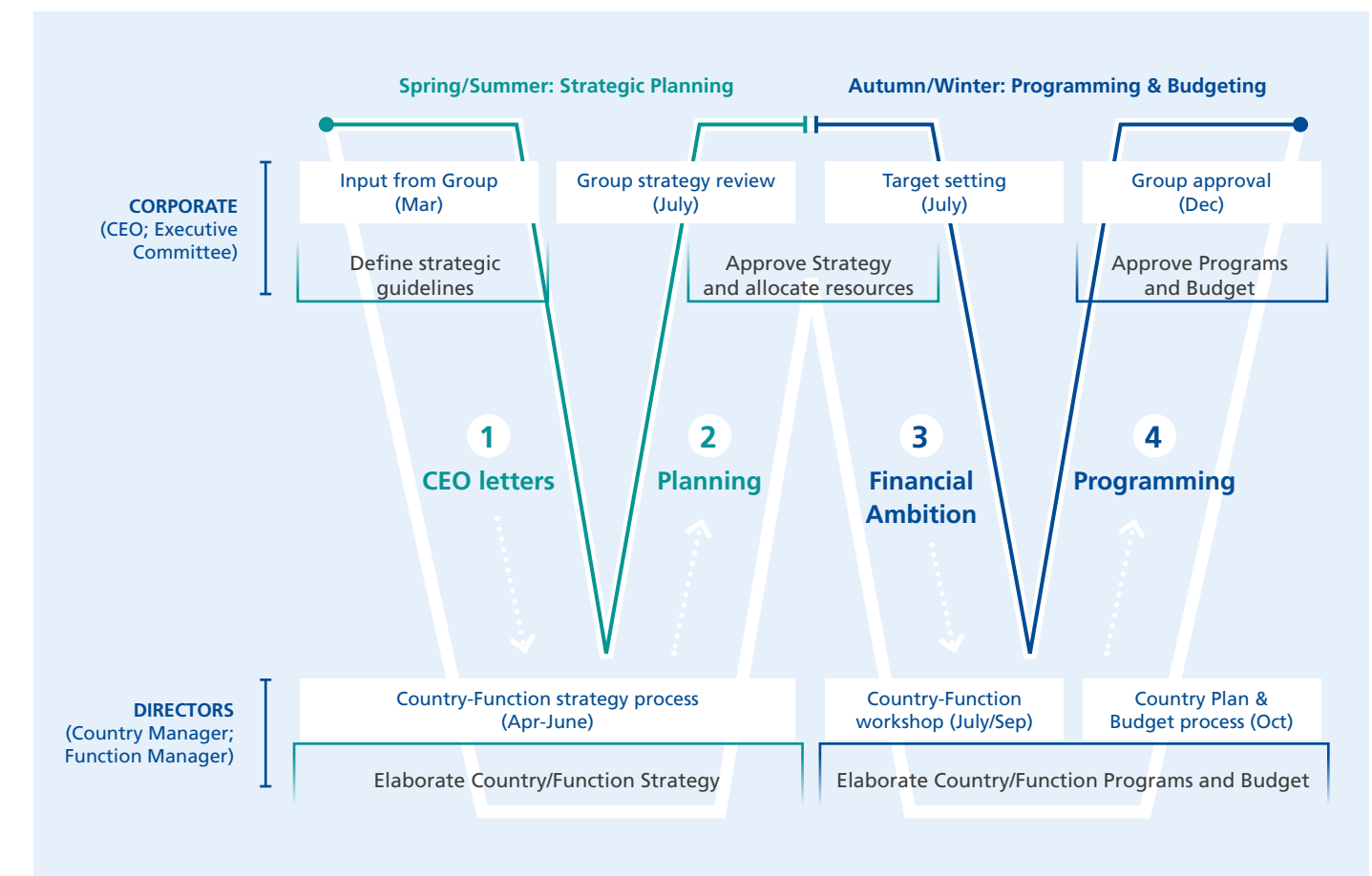
The pillars are the strategic guidelines, defined by the Board of Directors of Epta which translate into "**Strategic Goals**", i.e. long-term strategic objectives, which will guide all company decisions, giving rise to "**Strategic Priorities**", i.e. priorities and lines of action, which subsequently translate into actual initiatives.

The definition of the Strategy in its components (goals, priorities, initiatives) is realized through a process of "cycles and levels".

The diagram below represents this process, called "**W shape**" precisely because it is a process in cycles and levels, that is, which involves Corporate and local interlocutors at several levels, with different time cycles: **Planning, Programming, Monitoring**.

Involving the peripheries in the process is very important because it allows them to clearly communicate strategic guidelines and goals, receive input, create motivation and commitment, and improve coordination and direction toward a single direction.

The monitoring of strategic initiatives is also crucial in order to understand in advance whether they will be achieved according to the defined economic and time targets.



## 2. RESPONSIBLE MANAGEMENT OF THE BUSINESS

- 2.1 Risks and opportunities in the external context
- 2.2 Governance and Sustainability Strategy
- 2.3 Stakeholder engagement  
and materiality

## 2.1

# Risks and opportunities in the external context

Epta has a Risk Management system that promotes proactive management of risks and opportunities through a structured and systematic process that supports key decision-making processes.

This model, called **Enterprise Risk Management (ERM)**, allows the Board of Directors and management to consciously assess risk scenarios that could jeopardise the achievement of strategic objectives. In this model, roles and responsibilities have been defined so that everyone in the Company actively assesses, monitors and manages risks within their area of responsibility. The ultimate goal is to reduce the exposure of the Company, its subsidiaries and all Stakeholders involved, to the potential negative consequences associated with business activity as well as to promote an environment in which business continuity and growth are maximized for the benefit of employees, investors and the territories in which the Group operates.

The risks taken at Epta are consistent with the strategic objectives approved by the Board of Directors and defined in the Strategic Plan, with the risk profile that shareholders are willing to accept, protecting the interests and never endangering the safety and well-being of Stakeholders, in order to contribute to the sustainable success of the Company.

At Epta, **we promote and support the adoption of a "risk-based approach" in doing business**; we use tools to identify and classify these risks, defining the behaviours and actions proposed to mitigate them, i.e. to minimize exposure to these risks.

In 2022, the Risk Assessment process involved the main managers of Epta and made it possible to identify, assess and manage the most significant risk factors, including sustainability issues. In particular, during 2022, a process was conducted to update the assessment of risks inherent to sustainability issues, through the refinement of the analysis activity to increasingly integrate ESG (Environmental, Social, Governance) issues, and in particular those related to climate change, into the Group's ERM model.

The Risk Assessment activity was accompanied the **Risk Mitigation Assessment** which identified the mitigation actions of various kinds:

- **OPERATIONAL**, such as improving operational processes, streamlining monitoring activities, defining/updating procedures, implementing management tools, functional reorganizations;
- **STRATEGIC**, such as product innovation (design & performance), offering new services, geographical distribution of production capacity and supply chain, insourcing of critical components.
- **FINANCIAL** and **TRANSFER OF RISK**, such as credit insurance and/or a provision to a special fund.

## The main risks to which Epta is exposed and activities to mitigate them

### ➤ Risks associated with the procurement of raw materials and components and fluctuations in the price of raw materials, energy and transport costs

The post-pandemic economic recovery scenario has created stressful situations for the entire global supply chain with a direct impact on the continuity, flexibility and pricing of supplies. Operating results could be affected by changes in the prices of raw materials and strategic materials, which are subject to market volatility.

*In order to prevent and mitigate this risk, Epta has redesigned its global supply chain with the aim of reducing exposure to supply shortages, selecting serious and reliable suppliers and, where possible, evaluating alternative technical solutions.*

*The level of stocks of selected commodities was also consciously increased during the period of increased uncertainty.*

### ➤ Risks associated with the performance of the market in which the Group operates and changes in the habits and preferences of end consumers

Customers attach increasing importance to sustainability issues and this can represent a risk for the company if it is unable to continue to respond to these needs.

*Epta is always working on projects to implement sustainable solutions and provide products that reduce environmental impact.*

### ➤ Risks associated with the operation of production plants

The occurrence of catastrophic events could lead to the interruption of production at one or more of the Group's production sites and/or to the Group's administrative and financial management.

*Epta has taken out insurance policies to cover possible business interruptions and implemented multi-plant production strategies to reduce the possible impact.*

### ➤ Risks related to the technological evolution of products and competition in the market in which the Group operates

The entry of new players or an increase in competition would lead to a reduction in market share and expected revenues, jeopardizing the achievement of strategic goals. Furthermore, the highly fragmented nature of the commercial refrigeration business could favour aggregation processes between other players, jeopardizing the company's market share and growth prospects.

*Epta is constantly studying market strategies to manage and reduce commercial competition.*

### ➤ Risks associated with demand-side concentration

A deterioration in the investment or spending capacity of end customers or consumers due to exogenous variables (e.g. liquidity crisis, rising inflation or rising interest rates, etc.) could affect product demand.

*Epta is committed to marketing strategies aimed at attracting and diversifying its customer base.*

### › Risks associated with the Group's international operations

The Group operates in countries with dictatorial regimes and countries that are susceptible to social, economic or governmental instability and that expose the Group to events that could generate consequences from an economic point of view.

*Epta is present in many countries around the world with different cultures and business practices and is exposed to the risk of fraud by employees/collaborators and has therefore adopted various procedures to monitor this risk and prevent significant impacts.*

### › Risks inherent to the strategy of growth through external lines

This risk relates to the effectiveness of the business integration process, especially in the case of M&A transactions. In detail, operational inefficiencies may not allow the achievement of the expected objectives and the capture of possible synergies.

*In order to mitigate this risk, the agreements entered into by Epta as part of M&A transactions typically provide for mutual obligations as well as representations and warranties, and obligations to indemnify the transferor for any liabilities arising from the breach of such representations and warranties.*

### › Risks associated with product quality and safety, product liability and consequent reputational risks

The expected increase in products with new innovative components/technologies together with the growing demand for customized products could increase the likelihood of defects in product quality.

*Epta, in line with the practice followed by many operators in the sector, has taken out insurance policies that it considers adequate to protect itself against the risks arising from this liability.*

### › IT Risk

Loss of revenue due to cyber attacks and sabotage that causes loss of sensitive data and inefficiencies and/or delays in the performance of business activities or ransom demands.

*Epta periodically carries out staff training on the risks associated with the use of the Internet and e-mail, and an assessment of threats and the degree of resilience of existing protection systems to cyber attacks, including by carrying out vulnerability tests. Epta also has a specific insurance policy.*

### › Risks associated with intellectual property protection

Possible litigation arising from the misuse of patents.

*Epta constantly monitors the market to avoid and prevent possible litigation or misuse of patents.*

### › Risks associated with forward-looking data, statements of pre-eminence, internal processing, and competitive positioning claims

Reputational loss, de-rating/increased cost of capital due to ineffective disclosure of risks and non-financial services.

*Epta uses studies by leading actors and public information to assess its competitive position.*

### › Risks associated with the valuation of goodwill and other intangible assets

Weaknesses in the corporate integration process, especially in the case of acquisitions, could lead to operational



Eurocryor Traditional Counter



Sushi Corner created entirely by the EptaConcept team

inefficiencies and the failure to achieve the expected synergies from new acquisitions such as to compromise the Group's objectives.

*Epta envisages, in its acquisition process, the formulation of an integration plan with well-defined synergies and a manager to monitor progress.*

› **Risks associated with exchange rate trends**

High inflation rates are being recorded in industrialized countries, which historically have not been affected by this phenomenon (Europe, United States, United Kingdom, Asia).

*Since the Group also operates in countries historically affected by hyperinflation problems (e.g. Argentina, Turkey) and this situation has important implications for the profitability of these countries, Epta is therefore committed to maintaining a low exposure position in currencies other than the local currency vis-à-vis the banking system.*

› **Risks associated with dependence on senior and key personnel**

The Group is exposed to the risk of missing or losing key resources with strategic operational functions. Such persons may be identified for managerial responsibilities and/or specific know-how, necessary for the implementation of company strategies and difficult to replace in the short term.

*In order to ensure business continuity in line with strategic objectives, the Group has structured itself with various internal training, recruiting and mentoring programmes.*

› **Risks related to non-renewal of certifications**

Risks associated with the non-renewal or failure to obtain certifications for the variety of geographic areas and facilities in which the Group operates that are not fully aligned to a standard operating level.

*Epta monitors certification deadlines through targeted audit activities.*

› **Risks associated with compliance with environmental legislation, safety in the workplace and the collection, storage and processing of personal data**

The management of environmental issues is delegated to local Health Safety & Environment (HSE) departments, which are responsible for adopting systems to ensure strict compliance with regulations in accordance with best practice.

*Privacy compliance is managed by the Legal, Corporate Affairs & Compliance team.*

› **Credit risk**

Credit risk represents Epta's exposure to potential losses arising from the non-performance of obligations undertaken by both commercial and financial counterparties.

*The management of this risk is monitored by the Group Finance Department and partly mitigated by insurance cover.*

Also set out below are **the risks, assessed and managed by Epta, that are part of the normal course of business activities**, in particular those related to:

› labor law legislation and relations with trade union organizations

› related to ongoing legal proceedings

› associated with the use of Indicators of Alternative Performance (so-called (IAP)

› the Group's financial debt and compliance with obligations under the relevant contractual documentation

› the application of tax and transfer pricing rules

› the non-coverage or non-full coverage of losses and contingent liabilities that the Group may incur by the Group's insurance policies

› the non-implementation or delays in the implementation of the Group's strategy

› to the spread of the COVID-19-related epidemic

› the organizational, management and control model pursuant to Decree 231 and the inadequacy of anti-corruption, anti-money laundering, export control and economic sanctions procedures

› possible conflicts of interest among Epta's directors

› related party transactions

Reference should be made to the Notes to the financial statements for further details regarding the identification of risks and their management.

## 2.2

# Governance and Sustainability Strategy

Sustainability is written in the company's DNA: with this in mind, we focus our energies on ensuring that our business model harmoniously integrates economic, social and environmental aspects.

We firmly believe in the value of sustainability and **we wanted to give a further concrete follow-up to this belief by setting up a specific body, the ESG Advisory Committee.**

The Committee is **directly supported by Human Resources Management Policies** that ensure we are aligned with the core themes of Corporate Governance: human rights, fair labour practices, environment, customer care and community involvement and development.

This allows us to turn ambitious and challenging corporate strategies into reality; monitoring our performance indicators (KPIs) on a monthly basis to track progress and define corrective actions if deviations from forecasts emerge.



## ESG Advisory Committee

Established in 2022, the ESG Advisory Committee is **composed of members chosen from among Company directors and Group managers with expertise in sustainability issues.**

It has the task of assisting the Board of Directors with investigative, propositional and advisory functions to **promote, on an ongoing basis, the integration of national and international best practices into the Company's corporate governance and the inclusion of environmental, social and governance factors in corporate strategies** aimed at the pursuit of sustainable success (creation of long-term value for the benefit of shareholders, taking into account the interests of other Stakeholders).

In particular, the following **competences** are attributed to the Committee:

- › support the Board of Directors in defining a sustainability strategy that integrates the pursuit of the goal of sustainable success into the Group's business processes and industrial plan, and monitor its effective implementation;
- › monitor the alignment of the corporate governance system with the law, the Code and national and international best practices, making proposals to the Board of Directors;
- › monitor the spread of the culture of sustainability at company level and make proposals to the Board of Directors for the adoption of initiatives aimed at promoting it;
- › support the Board of Directors in assessing the social, environmental and economic impacts of business activities;
- › express opinions on the sustainability objectives defined by the Board of Directors so that they are correctly identified, as well as adequately measured, managed and monitored;
- › where introduced, monitor the Company's positioning in the main sustainability indices and report to the Board of Directors on this;
- › express opinions on the initiatives and programmes promoted by the Company or its subsidiaries in the field of corporate social responsibility and Health, Safety and Environment, and monitor their implementation;
- › on the instructions of the Board of Directors, formulate opinions and proposals on specific corporate social responsibility issues;
- › verify the general layout of periodic non-financial reporting and the articulation of its contents, as well as the completeness and transparency of the information provided through it, reporting the outcome of its assessments, through its Chairman, to the Control and Risk Committee, which is called upon to assess the suitability of periodic non-financial reporting to correctly represent the company's business model, strategies, the impact of its activities and the performance achieved.

The Committee met three times during 2022.

The frequency of meetings is not predetermined, but it is expected that the Committee will meet at least three to four times in subsequent years, taking into account the tasks assigned to it.

The Committee reports to the Board of Directors on its activities at the first useful meeting, through its Chairman.

## 2.3

# Stakeholder engagement and materiality

Consistent with corporate strategies and taking into account the reference standards as well as the objectives of the 2030 Sustainable Development Agenda, Epta is committed to involving Stakeholders by disseminating its values and sharing its strategies.

In order to identify the areas of greatest interest to both Stakeholders and management, as well as to report on their management and the value generated by their various activities, **we apply the process of materiality analysis**. It is crucial to understand in depth the emerging trends (critical issues and opportunities) in the context in which the Company lives and operates, and to identify in a timely manner, the issues on which to invest as a priority, in response to Stakeholder expectations.

The analysis, **aimed at supporting the Company in defining its Strategic Plan**, is updated whenever significant changes occur and, in any case, every three years, in order to understand how the Group operates and the main impacts it generates.

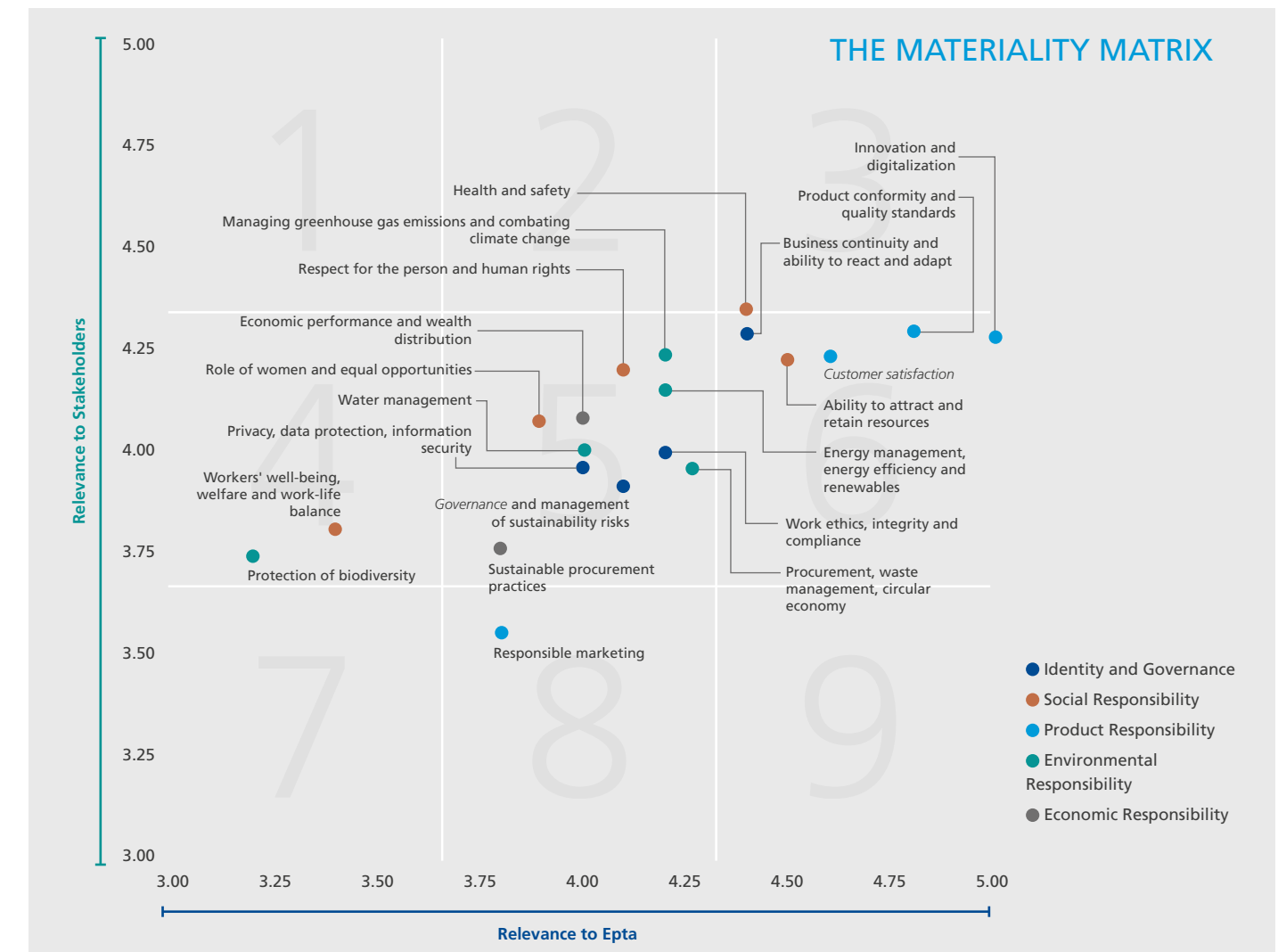
The involvement of our stakeholders (**Stakeholder Engagement**) is the main lever for monitoring and managing the quality of relationships and has become a basic ingredient in the formulation of organizational policies and strategies.

Our materiality analysis **starts with the identification of issues that may be relevant**: these are then cross-referenced with risk scenarios that could jeopardise the achievement of strategic objectives.

We then proceeded to **share a questionnaire with internal and external Stakeholders**: considering that the stakeholders who influence, or are influenced, by the organization, may vary according to the subject analysed and new business strategies and changes in the environment in which it operates. For this analysis we turned to banks, insurance companies, our employees and their representatives.

Data collection and analysis **then allows us to prioritise management and mitigation strategies to avoid the risk of a vision in which all issues are equally relevant**.

The results of this analysis carried out in 2021 are depicted in the graph opposite, which shows a substantial convergence of expectations among stakeholders.



In 2022, to integrate the process described, a sector benchmark analysis was carried out in relation to the topics considered material, in order to confirm its validity. The results obtained were deemed consistent with the context in which the Epta Group and **the materiality analysis, previously verified by the ESG Advisory Committee, was approved by the Board of Directors** which - with a view to aligning with the changes introduced to the reference standards for the drafting of non-financial statements and also considering the future application of the European Sustainability Reporting Standards (ESRS) for the drafting of Sustainable Reporting(CSRD) - requested the carrying out of **an assessment of the impacts generated by material issues (with an inside-out and outside-in view) as well as the measures put in place to manage them**.

**This detailed analysis is reported for each macro-theme at the top of the individual Chapters** that make up the Report, specifically 1.3 (Governance), 3.1 (Product Responsibility), 3.3 (Economic Responsibility), 3.4 (Social Responsibility) and 3.6 (Environmental Responsibility).

### 3. POSITIONING AND PERFORMANCE OF THE EPTA GROUP

- 3.1 Productive capital
- 3.2 Intellectual capital
- 3.3 Financial capital
- 3.4 Relational and social capital
- 3.5 Human capital
- 3.6 Natural capital

# 3.1 Productive Capital

ENVIRONMENT:  PRODUCT

SDGs:



Material Themes	Related impacts INSIDE-OUT	Related impacts OUTSIDE-IN	Activities generated by the impact	Commitments and policies	Actions implemented	KPI	Monitoring processes
INNOVATION AND DIGITALIZATION	Possibility of positively or negatively affecting: <ul style="list-style-type: none"><li>• Level of availability of products with high consumption and environmental emission characteristics (depending on new technologies for optimizing operation);</li><li>• Well-being and prosperity of the main Stakeholders with whom the organization interacts.</li></ul>	<ul style="list-style-type: none"><li>• Loss or acquisition of market share.</li><li>• Entry into new markets not yet explored.</li></ul>	<ul style="list-style-type: none"><li>• Ability to create technologically advanced products suitable for reducing the environmental impact.</li><li>• Presence of remote monitoring systems.</li><li>• Ability to find information easily and in electronic format.</li></ul>	<ul style="list-style-type: none"><li>➤ Point 3 of the Group Policy for our management systems: "to provide, within the limits of the specifications, products and services which incorporate the most recent and innovative solutions in compliance with the requirements of quality, reliability and safety".</li></ul>	<ul style="list-style-type: none"><li>➤ Huge investments in Research and Development.</li><li>➤ Presence at both national and international discussion tables on sector regulation.</li></ul>	<ul style="list-style-type: none"><li>➤ Consumption containment project target with final performance declaration.</li></ul>	<ul style="list-style-type: none"><li>➤ Bimonthly verification of the progress of the projects.</li><li>➤ Adherence to certification bodies for product performance verification.</li></ul>
COMPLIANCE OF PRODUCTS AND QUALITY STANDARDS	Possibility of positively or negatively affecting the level of availability of high quality, standard-compliant products.	<ul style="list-style-type: none"><li>• Loss or acquisition of market share.</li><li>• Level of customer loyalty.</li></ul>	<ul style="list-style-type: none"><li>• Ability to manufacture products in accordance with customer requirements that do not have functional defects.</li><li>• Management of the supply, installation and start-up of the plants.</li><li>• After-sales management service.</li></ul>	<ul style="list-style-type: none"><li>➤ Application of the management system according to the technical standard ISO 9001:2014.</li><li>➤ Point 3 of the Group Policy for our management systems: "to provide, within the limits of the specifications, products and services which incorporate the most recent and innovative solutions in compliance with the requirements of quality, reliability and safety".</li></ul>	<ul style="list-style-type: none"><li>➤ Upon release, it verifies that all products comply with the customer's requirements.</li><li>➤ Extensive testing of measuring and monitoring equipment to ensure calibration.</li><li>➤ Validation of compliance with product standards by third-party certification bodies.</li></ul>	<ul style="list-style-type: none"><li>➤ Verification of Right First Time.</li><li>➤ Collection of product defect reports.</li></ul>	<ul style="list-style-type: none"><li>➤ Allocation of indicators on a monthly basis within the ERP for timely analysis.</li></ul>
CUSTOMER SATISFACTION	Possibility of positively or negatively affecting the level of availability of high quality products in line with customer expectations.	<ul style="list-style-type: none"><li>• Loss or acquisition of market share.</li><li>• Level of customer loyalty.</li></ul>	<ul style="list-style-type: none"><li>• Ability to manufacture products in accordance with customer requests.</li><li>• Ability to collect information on customer satisfaction for the services provided.</li><li>• Management of the supply, installation and start-up of the plants.</li><li>• After-sales management service.</li></ul>	<ul style="list-style-type: none"><li>➤ Application of the management system according to the technical standard ISO 9001:2014.</li><li>➤ Point 2 of the Group Policy for our management systems: "promote and develop a good working relationship with our customers in order to be able to identify, solve and prevent the recurrence of any problems that may arise".</li></ul>	<ul style="list-style-type: none"><li>➤ Interaction with customers to accompany them in choosing the products that best match their needs.</li><li>➤ Support in the design and implementation of the point of sale.</li><li>➤ Supply of remote management and scheduled maintenance services, designed on the specific needs of the customer.</li><li>➤ After-sales support.</li></ul>	<ul style="list-style-type: none"><li>➤ Collection of product defect reports.</li><li>➤ Carrying out of interviews to evaluate the satisfaction of the service offered.</li></ul>	<ul style="list-style-type: none"><li>➤ Allocation of indicators on a monthly basis within the ERP for timely analysis.</li></ul>
RESPONSIBLE MARKETING	Ability to contribute to the satisfaction of real customer needs/requirements.	<ul style="list-style-type: none"><li>• Loss or acquisition of market share.</li><li>• Level of customer loyalty.</li></ul>	<ul style="list-style-type: none"><li>• Ability to transparently communicate the characteristics of the products placed on the market, avoiding greenwashing.</li></ul>	<ul style="list-style-type: none"><li>➤ Point 2 of the Group Policy for our management systems: "promote and develop a good working relationship with our customers in order to be able to identify, solve and prevent the recurrence of any problems that may arise".</li></ul>	<ul style="list-style-type: none"><li>➤ Raising customer awareness on ESG issues.</li></ul>	<ul style="list-style-type: none"><li>➤ Periodic communications to Stakeholders regarding new products and services.</li></ul>	<ul style="list-style-type: none"><li>➤ Internal Auditing.</li></ul>

### 3.1.1 Quality, safety and conformity of Epta products

Care for innovation and technological research have always been the trademark of Epta's products and services. This choice supports the commitment to constantly improve energy performance, reduce environmental impacts, increase safety, improve quality and user experience, including through research and ergonomic studies, for customers and end users.

**Strict adherence to the regulatory requirements** of each market in which we operate is another important asset that distinguishes Epta's offering and is made possible by:

- a proven capacity for in-house development and verification of compliance with standards with certified third-party bodies, which allows us to have in-depth technical knowledge and a high degree of control;
- a clear commitment to actively intervene in discussions with regulatory bodies, as a member of technical committees in the development of technical standards at national (UNI, AFNOR, BSI, DIN, etc.), regional (CEN, CENELEC), and global (ISO, IEC) level, in the context of defining new laws, and, finally, through participation in the European Union's consultation forums.

The quality and conformity of our products are guaranteed by the **numerous certifications we have obtained and constantly updated over time** - such as CB IECEE scheme certificates, PED notified body certificates and Eurovent Certita certificates - by the mapping processes of laws and standards (Epta standard no. IDIC007) and of procedures for the application of product compliance (Epta standard no. IDQM002 and IDQM004), developed and integrated in-house. These protocols involve the creation of technical dossiers, certification with accredited bodies, declarations of performance or conformity, product manuals, registration numbers and energy labelling.



SkyView Integral Bonnet Névé / GranVista Integral Costan are among the solutions dedicated to Retail customers.

### Quality

Epta wants to offer its customers **innovative, reliable, sustainable and high quality products**.

The reliability and excellence of our products stem mainly from our robust design, end-to-end quality management system and continuous improvement system, in addition to the competence of Epta people.

We formally declare our commitment to provide high-standard products and services that meet customers' needs and help ensure business continuity, within the framework of successful cooperation with our suppliers and subcontractors: we expect the highest standards of conduct and performance throughout the supply chain; we promote fairness and responsible business practice, and we encourage collaboration in the search for sustainable and qualifying solutions, measuring supplier performance as KPIs with a view to continuous improvement.

To this end, **we have implemented specific methodologies to verify, identify, manage and monitor both internal and external procurement processes**. One example is testing, the phase that, at the end of the production process and immediately before being placed on the market, subjects our products to an inspection aimed at verifying electrical safety, functionality, refrigeration circuit leakage, aesthetics and, for plug-in products only, thermodynamic performance. In the case of the supply of "remote" refrigerated counters, the functional verification is carried out directly at the point of sale, evaluating the entire solution installed on site.

In addition, the **R&D department regularly conducts specific validation tests**, aimed at verifying the reliability of the technical solutions adopted on all new products. To this end, climate-controlled areas are installed in some production plants for endurance tests, carried out by our Quality department - in support of the R&D department - both on products under development and on randomly selected products from those already in the catalogue, in order to test the quality of the production process and/or carry out checks for problems that emerge during use upon customer notification.

On the basis of timetables shared with the reference bodies, audits are carried out on suppliers, with the aim of assessing their ability to meet the quality criteria established by the Company, with the ultimate goal of meeting customer expectations.

#### TURNOVER/COST RATIO NOT QUALITY

2022	1.04
2021	1.08
2020	1.23

The measurement of effectiveness and improvement of results is tracked with our quality indicators with regard to customer complaints and non-quality costs (attributable not only to costs related to defects detected on products installed at the point of sale but also to those generated during production or attributable to component supply problems).

The integrated approach to the development of management systems, with internal process audits and "cross-site" audits, provides the opportunity to enhance the skills of our employees and is a proactive approach to solving problems, in line with our Integrated Systems Management Policy.

## Ecodesign and Energy Labeling

In 2021, the European Union has extended the applicability of the "Ecodesign" and "Energy Labeling" energy efficiency regulations to our sector, with the aim of regulating the Food Retail, Food Service Equipment and Food & Beverage segments, obliging all manufacturers to objectively highlight the energy consumption of the various products.

A change that has triggered a new vector of competition and has been enthusiastically welcomed within Epta, since we have been adhering on a voluntary basis to the "Eurovent" energy certification scheme since 2008, as a guarantee of the energy efficiency of our range.

To this end, the R&D department has an internal programme called **"EPTA DESIGN FOR ENVIRONMENT"** which defines three priorities in the design and development of new products:

- 1) **energy efficiency**, for production and use;
- 2) **innovation of materials**, for the reduction in the consumption of resources used and the search for solutions with a low environmental impact;
- 3) **recycling**, for the possible update of products and their disposal at the end of their life cycle.

**Today, our solutions achieve energy savings ranging from 10%-15% in the laboratory to savings of up to 70%.**



Glee, Exite and Delight - from the Cool Emotions Range, large - are among the solutions dedicated to the Food & Beverage world

## Green House Emissions

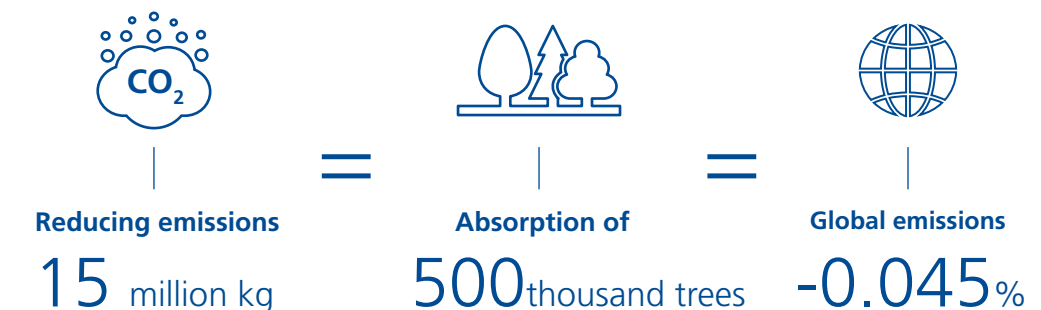
100% of our products are offered with low or neutral GWP gases, far exceeding the compliance required by the European F-Gas Directive.

This is done both from the strategic perspective of a future, more restrictive revision of the directive required by the EU's 2030 targets, and because one of our main goals is to progressively reduce the impact of our activities to **achieve Net Zero Emission and develop a circular economy**.

In fact, our entire range is available with R290 (propane) solutions for plug-ins and R744 (CO<sub>2</sub>) for remote controllers and central refrigeration units.

We periodically carry out life cycle assessments to evaluate the environmental impact of products, as done for example within the C4R Life Programme project (see page 73).

Finally, **thanks to the more energy-efficient products launched on the market in 2022, it is estimated to have reduced energy consumption** by approximately 54,217,014kWh\* in **one year**, equivalent to:



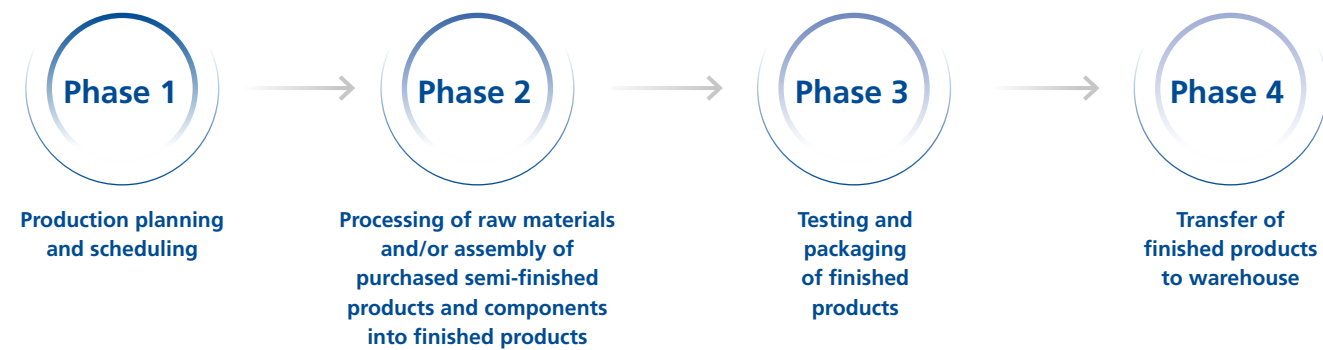
If we consider that globally about 36 billion tonnes of CO<sub>2</sub> are emitted (source: International Energy Agency - IEA, updated to 2022) and if we assume that the more energy-efficient desks we produce will replace the existing ones, we would have contributed to a 0.045% reduction in emissions.

(\*) The above calculations were made in accordance with ISO 23953-1-2 and using the EU average emission value in 2022 of 275 grams of CO<sub>2</sub> per kWh of electricity.



### 3.1.2 Processes and production capacity

Our production process consists of four perfectly integrated stages.



Some of the facilities specialise in the production of specific types and/or product lines (remote counters, plug-ins and cold packs), while other facilities can produce several product lines and types.

The final decision as to which factory should produce a specific order may depend on two main factors:

- A. the workload of individual plants;
- B. geographical proximity to the end customer.

Depending on the nature of the product and the business, production can be divided into:

1. **Make to Order (MTO)** - is our main production method and the philosophy followed by the Group; most of our products are made against specific purchase orders, to meet the precise needs, preferences and habits of each customer;
2. **Make to Stock (MTS)** - limited to certain markets and products, in order to meet particular needs and volumes of our customers;
3. **Engineer to Order (ETO)** - we are able to design, and subsequently manufacture, customized products on demand.

At the end of the production process, all our finished products are subjected to a detailed testing activity, aimed at verifying the correspondence between the configuration of the production order and the product itself, as well as verifying the electrical safety, functionality, leakage, aesthetics and, in the cases provided for, the thermodynamic performance.

Moreover, when new technical solutions or variants of existing products are implemented, the R&D Department can conduct validation tests to verify their reliability.

The optimization of the phases of the production process is of fundamental importance in order to respect the delivery times agreed with the customers, to guarantee high quality standards and to minimize the risks of product defects.



Factory interior with some examples of more automated production processes

### 3.1.3 Responsible management of the Supply Chain

Epta's Supply Chain, on a global level, is structured on a basis of approximately 2,700 suppliers who develop **a purchase volume equal to approximately 44.2% of the Group's turnover**.

Historically, the network relies on technical/commercial partnerships consolidated over time with the major industrial groups that are world leaders in the refrigeration business. The ten top players in the EPTA purchasing network (raw material/components) were worth 21% of the total purchasing turnover globally in 2022, an increase of more than 10% compared to 2021.

The purchasing department provides a substantially centralized approach to sourcing, contracting and purchasing activities that, through the structure of "commodity managers", manages strategic commodities globally for the Group. Local Purchasing/Procurement departments remain focused on material/service procurement activities to ensure the necessary management flexibility required by local markets.

In a period such as the current one, characterized by uncertainty in the markets and even greater elements of global supply chain discontinuity than in the past, **our global/local sourcing strategies are determined by risk-minimization criteria** with:

- diversification of supply sources: elimination of single-source conditions for critical suppliers and expansion of the supplier base according to geographic diversification criteria
- governance over strategic commodity management processes: optimization of the organizational model for the progressive centralization of sourcing and purchasing.

The pillar of the supply risk minimization strategy is the digitization programme for P2P (Procurement to Pay) and Supplier Relationship Management processes, which will be completed in 2023 for the EMEA region and extended in LATAM and APAC between 2024 and 2025.

The year 2022, in particular, was characterized by extreme volatility in the commodity markets generated by the effects of the conflict in Ukraine and continued strong price pressure due to rising energy commodity prices. Inventory management resulting from the 2021 shortage period and supply source diversification activities, which ensured better negotiating leverage, were the main factors in mitigating the inflationary effect on 2022 purchase prices.

Economic risk mitigation activities required the activation of **new proactive processes of collaboration with suppliers** that include transparency of the cost structure, verification of the impact of energy costs, verification of production factors and, in cases of extreme volatility of the commodities involved, indexing of supply prices.

The Procurement department confirms its intention to implement the EPTA Supply Chain Due Diligence project on compliance with the ESG requirements set out in the Group Policy. The project will be complemented with integrated services for the definition and continuous monitoring of improvement plans together with critical suppliers, and with the implementation of digital tools enabling the identification and mitigation of supply risks related to ESG requirements.

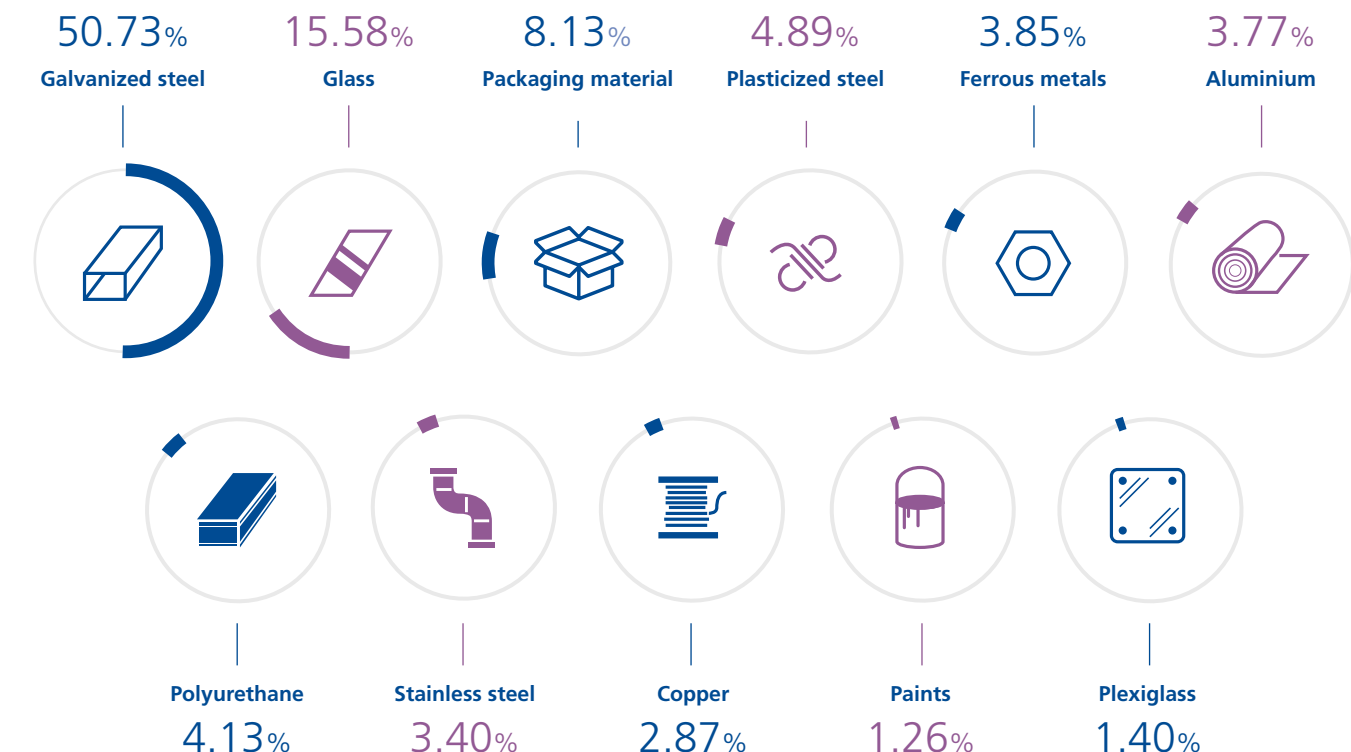


### Materials used

**Most of the materials used in our production are made of steel, glass and aluminium, thus elements that are recyclable at the end of their life.**

This is only a starting point: we are always looking for solutions that enable responsible production, processes and consumption that reduce waste of natural resources and consist of sharing, reuse, repair and recycling, as well as products with the longest possible life cycle.

This approach also applies to the **search for environmentally friendly packaging** with the use of cardboard and wood that can be recovered in the decommissioning phase to be reintroduced into the economic cycle and reused within the production phase, generating value again.



Note: the quantities of material purchased are expressed only as a percentage because the value represented as a quantity is considered sensitive data for the management of the business.

Note: the materials used are non-renewable, but most of them will be managed as recyclable waste at the end of their life.

## 3.2 Intellectual Capital







### 3.2.1 Investments

During 2022, the Group continued to invest in new processes and new products in order to provide innovative technologies in compliance with new regulations, health and environmental safety.

#### CONSOLIDATED INVESTMENTS IN TANGIBLE ASSETS



#### THE MAIN AMOUNTS OF OPERATIONS

- 
**Limana Plant (Italy)**
  - › Investments for the sheet metal department
  - › Investment in the glassware department
  - › Investments for earthquake-resistant adaptations
  - › Investments for the industrialization process and maintenance of production lines
- 
**Hendaye plant (France)**
  - › Investments for the industrialization process of production lines
  - › Investments for the sheet metal department
- 
**Kyser Waren Plant (USA)**
  - › Investments for the industrialization process of production lines
  - › Investments for the sheet metal department
  - › Systems' Building Modernization Investments
- 
**Cha-Am Plant (Thailand)**
  - › Investments for the sheet metal department

- Casale Monferrato and Solesino plant (Italy)**
  - › Investments for the industrialization process of production lines
  - › Investments for the sheet metal department

### Product Development

Also in 2022, our R&D activities focused on **product quality, environmental sustainability and extending our range**.

**The most significant investments in the "Food Retail" sector have once again focused on improving the energy and environmental performance of our products**, continuing the search for innovative solutions in line with our history, and with the market's growing need for efficient and sustainable products, both environmentally and economically. Significant investments were also made in products for the US market that will allow Kysor Warren to expand its offering with new technologies and merchandising solutions.

The solutions are related to negative vertical counters for frozen products, positive vertical counters for fresh products closed with glass doors and positive and negative plug-ins. Particular emphasis was placed on **continuing to develop IOT technologies that enable Epta's products to be connected**. IoT devices enrich the value of our products because they allow our Customers to better control their Cost Of Ownership and to better plan their store strategically (Geolocalization and Fleet Management, Telemetry for preventive maintenance and Merchandising Data).

With regard to environmental and sustainability issues for products and services, **the Group is working with the European Commission, through manufacturers' associations such as ANIMA (Confindustria), Orgalim, Eurovent** as a Stakeholder in the process of creating laws and regulations to which it contributes comments and proposals.

**EPTA directly participates in several international standardization committees** such as the European Organization for Standardization (CEN, CENELEC) and the World Organization for Standardization (ISO, IEC) to help develop technical standards and regulations to improve product and service quality in terms of safety, energy efficiency and environmental sustainability. Epta is also involved in U.S. regulation; Epta products for the U.S. market comply with safety (UL), hygiene (NSF) and energy efficiency (DOE) regulations.



GranVista Next Costan - SkyView Plus Bonnet Névé

## 3.2.2 Research and Development Activities

### Product, system and service innovation

Innovation has always been at the heart of Epta. We can consider it a way of life that involves the entire company, in particular every aspect of product development and process management.

But above all it is **sustainable innovation**, always attentive to environmental impact and the entire product life cycle: we prefer natural refrigerant solutions, efficient and attentive to the total cost of ownership, we never give up on aesthetics and design, and we pay increasing attention to usability and ergonomics for users and operators in the sector.

For us to be a "**ONE STOP SHOP**" means supporting our customers at every stage of the life of the products made for them: from the design of the most suitable solutions, through sales and installation, to all those after-sale services that are preparatory to maintaining the high standards of operation that characterize Epta's production (telemonitoring, predictive maintenance) and to maximizing their useful life; it also means offering digital solutions that provide access to targeted information useful both for correct management and for optimizing the purchasing experience of the end consumer.

And so that, with **270 people in 10 locations**, in collaboration with a **Innovation Center** dedicated to scouting for the technologies of the future, the Group's R&D department designs **products and services** able to intercept the continuous evolution in the Food Retail, Food & Beverage and Ho.Re.Ca sectors.

270  
people  
R&D

### Sustainable Refrigeration

Global greenhouse gas emissions are set to increase in the coming years, especially if we consider that many developing countries will soon have access to the cold chain for transporting and storing foodstuffs, as well as to air-conditioning systems as temperatures continue to rise. Recent studies show that to meet global market demands, 19 HVAC&R units per second will be installed over the next 30 years (source: Toby Peters, Professor of Cold Economy, University of Birmingham). Choosing natural refrigeration will increasingly become a must to help reduce the carbon footprint. Europe is paving the way for technologies to combat climate change with the aim of driving the transition **to a climate-neutral economy**.

In order to support our customers in the **ecological transition**, we have designed future-oriented, eco-friendly and efficient solutions and technologies.

In this sense we promote the adoption of natural refrigerants for all sales surfaces in any climatic condition: 100% of remote counters are already available with CO<sub>2</sub> or other low GWP (global warming potential) gases while all counters, plug-in and integral (\*), are available with other natural refrigerants such as R290 propane.

100%  
of  
remote and plug-  
in counters  
a natural  
coolant

(\*) Integral: with a built-in motor but with functional and aesthetic features comparable to a remote counter.



Visualis Traditional Counter- Eurocryor



GranValdaj Costan - SkySpace Bonnet Névé

## Challenges and opportunities for constantly evolving solutions and services

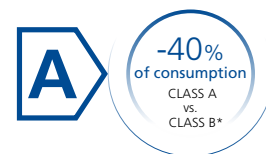
**2022 has been a complex year: from the high commodity prices, to the outbreak of the conflict in Ukraine and the ensuing energy crisis with unforeseen consequences in the daily lives of all of us.**

The entire supply chain was put to the test: ensuring its continuity required new investments but also enabled a strengthening of localization through the identification of new partners and alternative supply possibilities for all major components of our products.

The energy crisis, in particular, has raised the levels of attention with regard to gas and electricity consumption as never before. This is particularly relevant when one considers that **at least 40% of a supermarket's energy costs are related to refrigeration**. The most important innovation projects in 2022 were precisely the development of solutions aimed at providing customers with concrete and tangible savings in terms of energy consumption, i.e. lower bills. On the one hand, the **Energy Labelling Regulation** (see the relevant section on page 58) has become more stringent (**with a ban on marketing Class G products from September 2023**); on the other hand, rising energy costs have pushed the entire industry towards maximum efficiency.

Among the **best-selling solutions in Epta's product portfolio that stand out for improved energy performance**, in specific configurations, are the following models:

### > Tango/MultiFresh



### > GranVista/SkyView (Remote & Integral)



### > GranBering/SkyEffect Integral



### > Valzer/MultiFreeze



(\*) Compared to the previous version.

Thinking, on the other hand, of the Food & Beverage world, it has also become customary in this sector to carry out an **LCA (Life Cycle Assessment)** before purchasing a product in order to calculate its potential environmental impact. By following the method currently in use internationally, standardized and regulated by specific reference standards, and thanks to the use of software and databases recognized by the relevant bodies, it is in fact possible to quantify in advance the impact of a given product on the environment and human health, thus choosing the best combination in terms of necessity and efficiency.

**Digitalization**, for its part, is now accompanying us towards new evolutions: after the rapid acceleration of 2020, in the last two years we have witnessed a stabilization of consumption trends, which include an integration of the purchasing experiences of customers, who are now accustomed to flanking their shopping conducted in person and oriented towards a careful choice of products with online shopping for more traditional references.

Following this perspective, **#EPTABricks 2.0** was born, the new version of Epta's Click & Collect solution that allows 24-hour collection of online shopping for all categories of products (fresh, frozen or room temperature). This new version features an advanced user interface that is easy to use for both consumers and retailers, who see a mature market for these solutions.



Digitalization also plays a very important role in offering retailers **key services and information for better shop management**. Increasingly, in fact, even refrigerated counters can be connected and allow the collection of data used for multiple purposes, such as improving merchandising and visibility of goods, optimizing the efficiency of the counter itself, preventing malfunctions or being used for predictive purposes, but also identifying new needs and laying the foundations for the development of new products and services.

To this end, **EptaService** developed **SwitchON Pack**. It is a solution that introduces digitalization into refrigeration systems for advanced and advanced **remote diagnostics** of the units, and enables remote control of temperature, cooling capacity, energy performance and consumption of the cabinets, among other things. For the world of plug-ins, plug-in counters for soft drinks and ice cream, EptaService offers **LineON, a digital solution that makes every refrigerated counter "smart"** by having it communicate digitally with the operator.

On the other hand, if we look at the more traditional food retail world, **formats and different sales surfaces become more fluid**, there is no longer a distinct classification, but everyone, from the supermarket to the small shop, evolves to become **a place to shop and live experiences**. Perhaps the most emblematic example comes from the world of discounters, which have changed to become the new neighbourhood shops with more care in display and more references. For these spaces, we have developed solutions such as **Arcade** (branded Costan) **and Avenue** (branded Bonnet Nèvé) that combine robustness and reliability with design and performance to accompany discounters on this journey towards a new identity.

## Tools and organization to support innovation

Developing the best product and service solutions also requires the right tools and organization.

With this premise, our R&D department has decided to adopt a new software to **manage the entire product life cycle (PLM - Product Lifecycle Management)**.

A journey that began a few years ago and in 2022 focused on BOM (Bill Of Materials) management and technical documentation in R&D, to be followed by a second phase with the extension to master data and industrialization processes.

The ultimate goal is to re-engineer and digitise processes to increase data accuracy, real-time availability to all departments, reduce time waste especially related to manual processes, for a simplified but efficient management of the Group's wide product offering and its brands.

## Regulatory

Supporting our customers towards the ecological transition means not only knowing and applying the regulations in force, but also taking part in the working tables and becoming promoters of a development that looks towards a sustainable future as its primary goal.

### Ecodesign and Energy Labelling: new rules and more transparency in the energy performance of products

**Ecodesign** and energy labelling entered the world of commercial refrigeration in March 2021, with the entry into force of the **Ecodesign (2019/2024) and Energy Labelling (2019/2018) Regulations** for all products in the so-called Ecodesign Lot 12, i.e. "refrigeration appliances with a direct sales function" (supermarket remote and plug-in cabinets, commercial beverage coolers, refrigerated vending machines, ice-cream freezers and ice-cream scooping cabinets).

At this early stage, in contrast to what we are now used to seeing for the domestic market (a market where regulation has been in place for years), since classes A and B are in the intentions of the legislator almost empty, class C generally represents the level that concretely attests the best energy performance. Both regulations aim to stimulate innovation and competitiveness among manufacturers by progressively populating the first 2 energy classes, in order to increasingly reduce the consumption and environmental impact of refrigeration equipment.

EPTA already has a considerable part of its new product portfolio, including some of the most widely used products on the market, in classes A and B.

All manufacturers are obliged to publish the performance of their products in the public database **EPREL** (European Product Registry for Energy Labelling), created by the European Commission to offer consumers the possibility of comparing different products on the EU market.

For years we have chosen, on a voluntary basis, to have the performance of our products certified by an independent external body - **EUROVENT CERTITA** - as a further guarantee of the accuracy and reliability of the data provided to the market.

The Ecodesign Regulation, which immediately with its entry into force in 2021 made an initial selection of products circulating on the European market according to their energy class, foresees a further raising of the limits in September 2023, when class G products and ice cream freezers of classes E and F will be banned.

Epta, as a member of the **ASSOCOLD** and **EUROVENT** associations, actively participates in technical-normative working groups supporting the European Commission and the main international standardization committees.

### Ecodesign for Sustainable Products Regulation (ESPR)

On 30 March 2022, the European Commission presented its proposal for a new Ecodesign Regulation for sustainable products (ESPR). This proposal builds on the Ecodesign Directive 2009/125/EC by extending its requirements no longer only to energy-related products but to almost all categories of physical goods placed on the EU market.

**The main requirements introduced by the proposal concern aspects of environmental sustainability, circularity of products and materials, energy and resource efficiency, CO<sub>2</sub> and environmental impacts, and new information requirements, including the digital product passport.**

The requirements for specific product categories will be defined through the issuance of delegated acts, which are expected no earlier than 2024.

## Revision of the F-Gas Regulation (EU 517/2014)

The current F-Gas Regulation in force since 2015, which aims to limit emissions of fluorinated greenhouse gases including hydrofluorocarbons (HFCs), from 1 January 2022 introduced new restrictions for refrigerators and freezers hermetically sealed and for centralized refrigeration systems with a nominal capacity of 40 kW or more for commercial use that can only use low greenhouse gas refrigerants (GWP<150).

The European Commission on 5 April 2022 published a proposal to revise the F-Gas Regulation currently under discussion in the European Parliament and the European Council that will considerably increase the ambition of the current one with more and more bans and through a considerable reduction of the available HFC quotas.

The effect of the new Regulation, which is expected to come into force on 1 January 2024, will be to **further accelerate the banning of synthetic refrigerant gases** in favour of natural refrigerants, which Epta has been using for many years for all its products.

## New standard ISO 60335-2-89:2019

Compared to the previous version, it contains a number of changes introduced to **allow the use of flammable refrigerant charges greater than 150g in plug-in cabinets and** commercial refrigeration.

The standard is now also published as European standard EN/IEC 60335-2-89:2022, but in order to obtain the presumption of conformity with the applicable directives, a formal implementation decision must be taken by the EU commission to harmonise the standard with the Machinery Directive.

## Research programmes: C4R, RENAD, ENOUGH AND VICORPAN

The commitment of Epta to research activities at European and international level continues in line with the most sensitive issues for the commercial refrigeration sector.

After the experience with the LIFE C4R project, which is internationally recognized as a milestone in the development of sustainable solutions, **Epta is actively involved in various research programmes in cooperation with universities, research institutes and companies.**

## The LIFE C4R Project

**An example of excellence to promote sustainable innovation throughout the retail world**

Epta, in confirmation of its commitment to sustainable innovation, was a key player and team leader in the Life C4R - Carbon 4 Retail Refrigeration (Life-C4R) **project co-funded by the EU** (No. LIFE17 CCM/IT/000120) included in the Mitigation Area of the European Union LIFE17 Programme. The programme from 2018 to 2021 is a **milestone in the development of the latest sustainable refrigeration technologies**. The objective of Life-C4R was to raise awareness among all players in the retail world and the technical and scientific community of the use of increasingly efficient solutions, and to demonstrate how it is possible to completely replace the synthetic refrigerants HCFC and HFC, which are highly polluting, with a substance that is present in nature in very high quantities and that in the common imagination is considered a harmful element, but that has characteristics that make it an excellent refrigerant gas: **CO<sub>2</sub>**.

Epta has studied and patented a technology called **Full Transcritical Efficiency (FTE) System** which is able, through the simple introduction of a mechanical component into the refrigeration system, to use CO<sub>2</sub> as a refrigerant in a simple, efficient and reliable manner in any climatic condition and anywhere in the world. This technology combined with the **Extreme Temperature Efficiency (ETE) System** also guarantees improved system operation at all latitudes, even above 40°C.

The data collected over more than 12 months in the 7 pilot installations clearly show that Life-C4R technologies guarantee a **reduction in energy consumption ranging from 15% to 23% on an annual basis**, thus far exceeding expectations.



In fact, a comprehensive life cycle analysis of the GHG emissions of Life-C4R technologies was performed according to LCCP standards to monitor and assess the overall carbon footprint of the project. Analysis shows that using Life-C4R technologies can **reduce global CO<sub>2</sub> emissions by up to 20%.**

Epta currently has **over 900 ETE and FTE installations worldwide.**

## ENOUGH

### European food chain supply to reduce GHG emissions by 2050

the ENOUGH project is funded by the European Union's Horizon 2020 research and innovation programme and coordinated by SINTEF Ocean in Norway.

Aiming to build an environmentally friendly future in line with the European Green Deal, ENOUGH aims to **decarbonize food distribution and refrigeration technologies**.

The project brings together experts from more than **9 European countries**, including the United Kingdom, Norway and Turkey, plus **28 partners** from industry (ENEX, ENGIE Kaltetechnik, Eletica, Campden BRI, VISD, Arçelik, Rørosmeieriet, Optiflux, city FM, Yeo Valley, CGDC and EPTA), research, cold-chain and refrigeration technology, with the collaboration of European universities and research institutes (SINTEF Ocean, LSBU, UoB, INRAE, KU Leuven, CNR, TU Graz, VMU, SUT, UNIVPM, UGOE), associations (ANIA) and organizations (IIR).

ENOUGH will provide technologies, tools and methods to contribute to the EU's "producer-to-consumer" strategy for climate-neutral food businesses.

The objectives of ENOUGH are:

- i) Reducing greenhouse gas emissions by at least 50% by 2050
- ii) Reducing energy consumption and increase energy efficiency by 2030.
- iii) Increasing the overall sustainability of food systems
- iv) Providing selected innovative technological systemic solutions and their potential for uptake in the EU.

Epta, in particular, is focusing its efforts on the **study of thermal energy storage in commercial refrigeration systems** to integrate non-programmable energy sources (such as sun, wind, sea waves) with a view to reducing the use of coal and gas.



## RENAD (Digital Agrifood Natural Refrigeration)

The programme, presented by Epta and approved by **MiSE**, started in 2020 for three years and aims to **develop natural, sustainable and digital refrigeration solutions** within the Retail and Food & Beverage sectors. Based on 3 pillars such as Ecodesign, IoT and natural refrigerants, the **industrial research and experimental development activities** foreseen within the project will investigate new technologies for the reduction of consumption, the use of natural refrigerants and the possibility of establishing a circular economy aimed at eliminating waste at the end of life of products

Two years into the project, a number of solutions have already been developed, including casherless payment methods with video recognition of product withdrawal applied to the solution, **VIP Pay, large smart fridge machine**.

Other important developments have been achieved in the improvement of energy class performance: a concrete example is the **Sound Top solution whose energy consumption has been reduced by 25%**.



## The VicorPan Project

Vicorpan is a **LIFE project, sponsored by the European Community**, which contributes to **climate change mitigation** and whose objective is to **demonstrate how to improve the energy efficiency and recyclability of VIP (Vacuum Insulation Panels)** in commercial and domestic refrigeration. The initiative is characterized by the high emission reduction potential of commercial refrigerated counters, which contribute an important percentage of the total energy consumption related to the cold chain (remember that more than 40 % of a supermarket's energy consumption is from commercial refrigeration).

The environmental objective of the project is to improve the energy efficiency of refrigeration appliances by **reducing energy consumption** by up to **12% on the commercial application** and up to **17% on the domestic application**, for **best-in-class appliances A++ and beyond available today**.

Some tests are already underway and at Epta we are concentrating on **verifying how VIP panels can be applied to positive and negative temperature refrigeration cabinets** to improve their efficiency.

During the life cycle of the project, an **ICA study will be carried out to compare the environmental impact** of commercial refrigerators using the new technology and those using conventional methods. The project partners, **in addition to Epta, include Cannon and Basf** for a duration of **three years until 2024**.

3.2.3 Management systems and certifications

Continuous improvement is the basis on which management systems are built, and on this basis we are committed to achieving the highest standards of excellence.

A path that began back in 1996 and continues, year after year, with the progressive implementation of management systems, then validated by an authorized third party, in the various production or commercial realities.

The voluntary application of international standards aims at an effective and efficient management of production processes and translates into the supply of high quality products and services to the customer: this primarily guarantees all our employees healthy, safe, human-friendly working environments, reaffirming **the absolute necessity of protecting the ecosystem** to ensure a better world for future generations.

Site	ISO 9001	ISO 14001	ISO 45001	ISO 50001	PED <sup>(1)</sup>
Headquarters					
Epta S.p.A. - Milan	€	€	€	€	
Production sites					
Epta Argentina	€				
Epta France	€	€	€	€	
Epta S.p.A. - Casale	€	€	€	€	
Epta S.p.A. - Limana	€	€	€	€	
Epta S.p.A. - Pomezia <sup>(2)</sup>	€	€	€		€
Epta S.p.A. - Solesino	€	€	€	€	
Epta Istanbul	€	€	€		
Epta Qingdao	€				
Epta UK	€	€	€		
IARP Thailand	€	€	€		
Commercial Offices					
DASS	€	€	€		
Epta Asia Pacific	€				
Epta Deutschland	€				
Epta Iberia	€				
Epta International	€				
Knudsen Koling	€				€
Kysor Warren Mexico	€				

Note (1): The PED certification applies only to sites that manufacture refrigeration units/groups as pressure vessels.  
Note (2): The Pomezia plant, whose core business is the production of cold rooms, is also in possession of the HACCP certification as it is considered added value on this type of product.

3.2.4 Patents, rights and licenses

Epta protects the Group business by protecting its ideas with the registration of patents, designs and trademarks. Intellectual property is managed through both internal processes and by using external experts. We hold a portfolio **of around 140 patents** distributed between refrigeration counter and refrigeration system products (such as, for example, ETE and FTE - see page 73). We market our products and offer our services through 7 brands and 3 sub-brands that can be divided into 3 categories such as retail brands, speciality brands and service brands for **over 150 registrations at European and international level**.



### Retail Solutions

Retail solutions for the whole world

Retail solutions for the whole world

Retail solutions for North and Central America

### Specialized Brands

Dedicated solutions for speciality stores

Commercial and industrial cold rooms

Plug-in solutions for Food & Beverage and Ho.Re. Ca

### Solutions and Services

Design and planning of custom spaces

Design, engineering and installation of technical products and systems

Services and after-sales support

# 3.3

## Financial Capital

ENVIRONMENT: ☒ ECONOMIC

SDGs:



Material Themes	Related impacts INSIDE-OUT	Related impacts OUTSIDE-IN	Activities generated by the impact	Commitments and policies	Actions implemented	KPI	Monitoring processes
ECONOMIC PERFORMANCE AND WEALTH DISTRIBUTION	<ul style="list-style-type: none"><li>• Possibility of positively or negatively influencing the well-being and prosperity of the main Stakeholders with whom the organization interacts.</li><li>• Impact of the continuity of work activities on Epta's Stakeholders, including the employment effects on workers and partners in the value chain Employment stability.</li></ul>	<ul style="list-style-type: none"><li>• Resilience rate of the organization and guarantee of business continuity.</li><li>• Organization's capacity to attract investment and access capital.</li><li>• Possibility of entering new markets not yet evaluated.</li></ul>	<ul style="list-style-type: none"><li>• Management of business operations in different geographical areas, with different characteristics with respect to inflation rates or social, economic and government stability.</li><li>• Compliance with tax legislation.</li><li>• Compliance with contractual obligations by the customer.</li><li>• Management of the relationship with customers of different sizes.</li></ul>	<ul style="list-style-type: none"><li>➢ Code of Business Ethics.</li></ul>	<ul style="list-style-type: none"><li>➢ Definition of a strategic plan with regular monitoring and updating.</li></ul>	<ul style="list-style-type: none"><li>➢ All performance indicators related to the business (economic, environmental and social).</li></ul>	<ul style="list-style-type: none"><li>➢ Monthly monitoring of performance carried out both centrally and in individual production/commercial locations.</li></ul>
SUSTAINABLE PROCUREMENT PRACTICES	<p>Ability to positively or negatively affect the well-being and prosperity of key Stakeholders with whom the organization interacts, including those operating along the supply chain.</p>	<ul style="list-style-type: none"><li>• Customer loyalty.</li><li>• Loss or acquisition of market share.</li></ul>	<ul style="list-style-type: none"><li>• Relationship management and customer satisfaction.</li><li>• Supply chain management with impacts on delivery times.</li><li>• Compliance with laws and regulations.</li><li>• Management of environmental impacts throughout the production chain.</li><li>• Availability of products/parts from the circular economy.</li></ul>	<ul style="list-style-type: none"><li>➢ Application of the management system according to the technical standard ISO 9001:2014.</li><li>➢ Point 8 of the Group Policy for our management systems: "working in cooperation with external suppliers. We expect the highest standards of conduct and performance. We promote the search for sustainable solutions".</li></ul>	<ul style="list-style-type: none"><li>➢ Resilient supply chain, capable of quickly adapting to changes induced by the markets.</li><li>➢ Sustainable procurement that integrates requirements, specifications and criteria compatible with the protection of the environment and society as a whole into the choice of suppliers.</li><li>➢ Use of components for the creation of low environmental impact products.</li></ul>	<ul style="list-style-type: none"><li>➢ Monitoring by providers of the achievement of pre-set and formalized targets to suppliers.</li></ul>	<ul style="list-style-type: none"><li>➢ Assessment of supplier performance not only from a technical/economic point of view but also in compliance with ESG aspects.</li></ul>



GranVista Costan - SkyView Bonnet Névé

### 3.3.1 Communication to Shareholders by the Board of Directors

The consolidated financial statements at 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.

Below is a summary of the main Income Statement figures compared with the previous year:

(Euro thousands)	31.12.2022	31.12.2021	Change
Revenues from sales and services	1,333,828	1,177,199	156,629
Other revenues and income	33,721	22,125	11,596
<b>Total revenues</b>	<b>1,367,548</b>	<b>1,199,323</b>	<b>168,225</b>
Total current operating costs	(1,289,010)	(1,106,576)	(182,433)
<b>Operating margin</b>	<b>78,539</b>	<b>92,747</b>	<b>(14,208)</b>
Net financial expenses	(13,056)	(5,081)	(7,975)
Taxes	(15,465)	(26,559)	11,093
<b>Minorities' result</b>	<b>96</b>	<b>158</b>	<b>(62)</b>
<b>Result attributable to the Group</b>	<b>49,921</b>	<b>60,950</b>	<b>(11,029)</b>
Total investments	31,639	18,443	13,197
Amortization/depreciation	(39,513)	(36,365)	(3,148)

### 3.3.2 Comment on the general economic scenario

Initially, globally, 2022 seemed to confirm the trend of GDP growth in place since 2021 from the recovery after the Covid-19 pandemic that had severely impacted 2020.

Then, after two months, with the climate of uncertainty and energy price tensions due to the Russia/Ukraine war, rising inflation and central bank tightening, GDP growth slowed down with signs of recession in the second quarter.

At the beginning of the year 2023, the short-term outlook turns towards a positive sign of GDP growth for APAC, the US and the Eurozone, but not yet for the UK and LATAM where a positive sign is expected from the second quarter of the year 2023.

GDP growth %YoY as an average 2022 in the Eurozone is 3.4%; in the US 2.1%; in the UK 4.1%; Apac 3.2% and Latam 3.6%. For the year 2023 the expectation for Europe is 1%; UK 0.1%; US 1.3%; Apac 4.2% and Latam 0.8%.

Inflation for the total year 2022 is 9.8% in the Eurozone, 7.1% in the US. Thus, in 2023 a decline of less than 6 % in Europe and less than 4 % in the US is expected.

Central banks have generally raised interest rates to counter inflation.

Fed funds rate at 4.50% in early 2023 and expected to reach 5% later this year; ECB rate at 2.50% expected at 3%.

Governments have implemented actions to avoid continued increases in energy prices, especially gas, which at the beginning of the year 2023 is below the peaks of the year 2022.

The US dollar appreciated during the year 2022 and pushed the euro below parity at the end of the third quarter, i.e. the USD peaked at around +14% compared to the end of the year 2021. Thus, as investor flows shifted when risk aversion began to decline, the dollar's trend reversed and allowed the euro to return above parity in the latter part of 2022.

Equity indices during the year 2022 down by -15% on average from year-end 2021, then starting to recover at year-end 2022. Volatility was very high during most of the year 2022, then decreased from the end of the year.

ESG actions are favoured because there is an increasing emphasis on investments and projects to reduce energy consumption and mitigate climate impact: on 5 April 2022, the European Commission published a proposal to update the current Regulation by tightening hydrofluorocarbon reductions from 69% to 76% by 2024, from 76% to 90% by 2027, and from 79% to 95% by 2030.

### 3.3.3 Performance of the sectors in which the Group operates

#### Retail

The world market for commercial retail refrigeration is expected to grow at an estimated CAGR 2022-2025 of between 5 and 7% (source: elaboration by a leading international consulting firm), roughly double the pre-Covid period.

Medium-term growth is mainly driven by the transition to new technologies that are, on the one hand, a response to the latest regulations in terms of CO<sub>2</sub> emissions and, on the other hand, enable a reduction in energy consumption and related costs.

In order to better understand the evolution of the global Retail Market, it is necessary to explore the dynamics of the different regions and, in particular:

- (a) **Europe (EU)** represents a relatively more mature market, compared to which little growth is expected in the number of new retail outlets, where shop renovations are stimulated by current regulations, which require a 79% reduction in HFC refrigerant gases by 2030, through the imposition of a ban on the gases with the greatest impact on global warming. Major retailers presented action plans to achieve their "Zero Emission" targets and confirm their focus on ESG activities. The current geopolitical uncertainty, however, together with high inflation levels, may slow down investments in the short term. In any case, this should not affect the market outlook in the medium to long term. The increase in costs and the difficulty of finding the necessary materials on construction or renovation sites for the construction or renovation of sales outlets result in activities to mitigate energy consumption (such as, among others, retrofit projects to close refrigerated display cabinets that are not yet equipped with doors or format changes to products with better energy yields).
- (b) The **North American (NAM)** market, on the other hand, is growing slightly in terms of the number of outlets and their characteristics. The United States Environmental Protection Agency has taken steps to limit and progressively reduce the production and consumption of HFCs by 85% by 2035. The first phase of 10% reduction started in 2022 and the second phase of reduction up to 30% is planned for 2024. Although in a preliminary phase of adaptation and replacement of installed technologies to ensure a lower environmental impact, large retailers are accelerating on the issue of emissions and planning their investments accordingly. This, together with a lesser impact than what is happening at the geopolitical level in the EU, seems to confirm a more positive view of the market even in the short term;
- (c) The **Asia Pacific (APAC)** market is following different dynamics, in accordance with the differences in quality and maturity of the regional areas. Globally, APAC retail refrigeration still expects a CAGR of 7%-8% until 2025 (source: elaboration by a leading international consulting firm). Modern Food Retail Format sales will increase by 30%-35% over the period based on a panel of 13 countries where China, Japan, South Korea, Indonesia, Taiwan and Thailand account for 95% of revenues. Based on per capita sales of the Modern Food Retail Format, significant growth is expected in China (+54%), Vietnam (+45%) and Indonesia (+30%). Modern economies (Singapore, Australia, New Zealand) have started the transition to new technologies and environmentally sustainable solutions, while developing areas are proceeding with the progressive reduction of HFCs. China has committed to a 50% reduction of HFCs by 2040, while most South East Asian countries aim for an 80% reduction of HFCs by 2045. New Zealand and Australia propose a total ban on HFCs by 2030-2035.

- (d) The **Latin American (LATAM)** market has a still relatively limited presence of organized distribution in the territory and is in the preliminary phase of the transition to refrigeration systems, with important changes expected in the next 5 years. The region is growing slightly in terms of new sales outlets, with the mix shifting from larger sales areas to smaller structures (proximity shops). Particularly complex political situations in Brazil, Chile and Peru, as well as the continuing hyper-inflationary condition in Argentina, are elements of uncertainty for the immediate future.

#### Food and Beverage

The global Food & Beverage commercial refrigeration market has an estimated CAGR 2022-2025 of more than 5% (source: elaboration by a leading international consulting firm), which is a marked recovery from the downturn in the Covid period. Rising energy costs and the activities foreseen in the ESG plans of market leaders are stimulating the HORECA segment to move towards newer, more energy-efficient equipment. The largest in the F&B sector are planning their mid-term investments accordingly, which is a change from the pre-covid targets on reducing procurement costs.

#### After Sales Market

The global market for After Sales commercial refrigeration records an estimated CAGR 2022-2025 of approximately 3% (source: elaboration by a leading international consulting company).

The expected growth rate takes the following main elements into account:

- (a) increase in the total number of refrigeration systems, in line with the expected trend of increase in the number of retail outlets globally;
- (b) increase in the average value per refrigeration system, in view of global inflation dynamics, which also impact on the cost of the workforce required for the provision of services and activities after-sales;
- (c) greater attention of retail operators to maintaining a high level of efficiency of refrigeration systems, also in order to comply with current environmental standards;
- (d) specific activities to mitigate the rising cost of energy, especially in the EU. In particular, the retrofitting of refrigeration cabinets to close them with glass doors and to replace the lighting fixtures with LED devices is increasing.

### 3.3.4 Analysis of the consolidated financial position

This paragraph reports the economic and financial indicators used by Epta to monitor the Group's economic and financial performance, as well as the methods used to determine them. These indicators, drawn up by management from the consolidated financial statements prepared in accordance with the applicable regulations on financial reporting (most often by adding or subtracting amounts from the figures in the financial statements), are used by the directors in order to identify operating trends and make decisions about investments, allocation of resources and other operating decisions;

For a correct interpretation of these indicators, it should be noted that they:

- (a) are calculated based on historical data of the Group and are not indicative of the future performance of Epta and the Group;
- (b) are not subject to audit by the Independent Auditors;
- (c) must not be considered as substitutes for the indicators envisaged by the International Accounting Standards;
- (d) are defined by Epta and are not envisaged by the International Accounting Standards and therefore may not be homogeneous and comparable with those adopted by other companies/groups;
- (e) must be read in conjunction with the Group's financial information.

The following table sets forth the Key Indicators related to financial data for the years ended 31 December 2022, 2021 and 2020.

In thousands of Euros, ratios and percentages	At 31 December 2022	At 31 December 2021	At 31 December 2020	Changes 2022 vs 2021		Changes 2021 vs 2020	
Total Revenues	1,367,548	1,199,323	927,818	168,225	14.0%	271,505	29.3%
Net profit	50,017	61,108	19,364	(11,090)	-18.1%	41,744	215.6%
EBIT	78,539	92,747	35,924	(14,208)	-15.3%	56,823	158.2%
EBIT Margin	5.7%	7.7%	3.9%	-2.0%		3.8%	
Adjusted EBITDA	123,072	136,279	75,036	(13,207)	-9.7%	61,243	81.6%
Adjusted EBITDA Margin	9.0%	11.4%	8.1%	-2.4%		3.3%	

EBIT is a useful unit of measurement to assess the Group's ability to generate profit exclusively from operations, excluding the deduction of financial expenses and taxes. EBIT Margin expresses EBIT as a percentage of total revenue earned in the reporting period.

Adjusted EBITDA is a useful unit of measure for assessing the Group's operating performance; it is calculated as profit or loss for the year before income taxes, financial income and expenses, depreciation and amortization, foreign exchange gains or losses, the effects of non-recurring transactions and the effects of certain events and transactions that management considers unrelated to the Group's operating performance. Adjusted EBITDA Margin expresses EBITDA as a percentage of total revenue earned during the reporting period.

The following table sets forth the Epta methodology for determining the Group's EBIT and EBIT Margin for the years ended 31 December 2022, 2021 and 2020.

Euro thousands	At 31 December 2022	in % of total revenues	At 31 December 2021	in % of total revenues	At 31 December 2020	in % of total revenues	Changes 2022 vs 2021	%	Changes 2021 vs 2020	%
Net Income	50,017	5.2%	61,108	5.10%	19,364	2.1%	(11,090)	-18.1%	41,744	215.6%
+ taxes for the year	15,465	1.6%	26,559	2.21%	8,415	0.9%	(11,093)	-41.8%	18,144	215.6%
+/- Net financial expenses (income)	13,056	1.3%	5,081	0.42%	8,145	0.9%	7,975	157.0%	-3,064	-38%
EBIT	78,539		92,747		35,924		(14,208)	-15.3%	56,823	158.2%
EBIT margin	5.7%		7.7%		3.9%		-2.0%		3.8%	

The following table sets forth a reconciliation of the Group's net income and Adjusted EBITDA for the financial years ended 31 December 2022, 2021 and 2020.

Euro thousands	At 31 December 2022	in % of revenues	At 31 December 2021	in % of revenues	At 31 December 2020	in % of revenues	Changes 2022 vs 2021	%	Changes 2021 vs 2020	%
<b>EBIT</b>	<b>78,539</b>	<b>5.7%</b>	<b>92,747</b>	<b>7.7%</b>	<b>35,924</b>	<b>3.9%</b>	<b>(14,208)</b>	<b>-15.3%</b>	<b>56,823</b>	<b>158.2%</b>
+ Amortization/depreciation	39,513	2.9%	36,365	3.0%	37,251	4.0%	3,148	8.7%	(886)	-2.4%
Income from the sale of assets	(77)	0.0%	(756)	-0.1%	(72)	0.0%	679	-89.8%	(684)	950.0%
Extraordinary costs	18	0.0%	181	0.0%	-	0.0%	(163)	-90.1%	181	100.0%
Non-operating costs	5,020	0.4%	8,008	0.7%	1,967	0.2%	(2,988)	-37.3%	6,041	307.1%
Leases (no industrial)	59	0.0%	(266)	0.0%	(17)	0.0%	325	-122.2%	(249)	1,464.7%
<b>Adjusted EBITDA</b>	<b>123,072</b>		<b>136,279</b>		<b>75,036</b>		<b>(13,207)</b>	<b>-9.7%</b>	<b>61,243</b>	<b>81.6%</b>
<b>Adjusted EBITDA Margin</b>	<b>9.0%</b>		<b>11.4%</b>		<b>8.1%</b>					

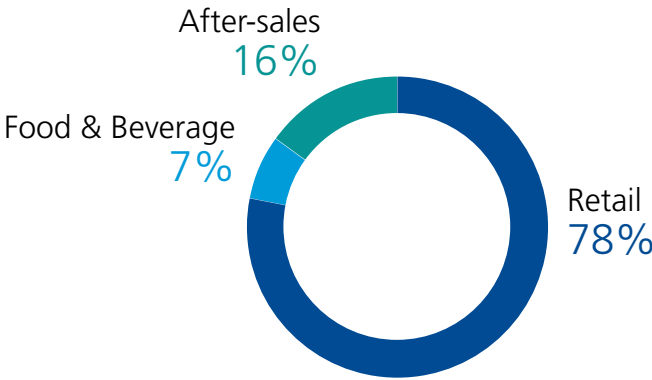
Non-recurring items in the year 2022 refer for Euro 2 million to expenses incurred for the listing process, charges incurred for damages related to extraordinary weather phenomena for Euro 0.7 million, M&A costs for Euro 0.8 million, allocation of the charge deriving from the stock option plan for Euro 1.2 million and for the remainder mainly to costs incurred in Group companies for activities related to the COVID 19 pandemic.

Total revenues amounted to Euro 1,367,548 thousand at 31 December 2022, an increase (+14%) compared to the previous period of Euro 168,225 thousand (Euro 1,199,323 thousand at 31 December 2021).

The following table shows the revenues broken down by the three BUs of the Group (i.e., Retail BU, After Sales BU and Food & Beverage BU) for the financial years ended 31 December 2021 and 2020.

In Euro thousands and as a percentage of net revenues	At 31 Decem-ber 2022	%	At 31 December 2021	%	Changes 2022 vs 2021	
Revenues Retail BU	1,061,763	78%	942,618	79%	119,145	13%
Revenues After Sales BU	214,508	16%	175,948	15%	38,560	22%
Revenues Food & Beverage BU	89,577	7%	78,033	7%	11,544	15%
Net Revenues	1,365,848	100%*	1,196,599	100%*	169,249	14%
Non-core revenues	1,700		2,724		(1,024)	-38%
Total Revenues	1,367,548		1,199,323		168,225	14%

2022 REVENUES BY SECTOR\*



\* Due to rounding, the sum of the various items may not correspond to the total.

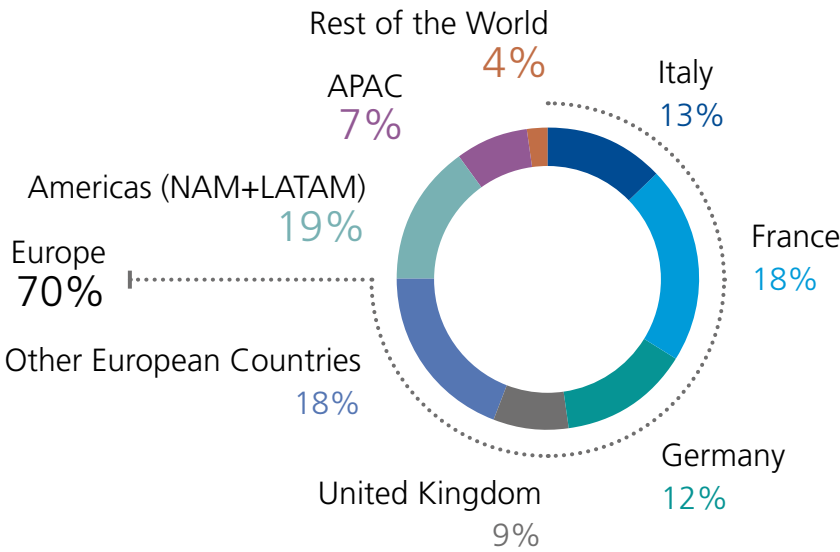
The following table sets forth the Group's net revenues by geographic region for the years ended 31 December 2022 and 2021.

NET REVENUES

In Euro thousands and as a percentage of revenues from sales and services	At 31 December 2022	%	At 31 December 2021	%	Changes 2022 vs 2021	
Italy (*)	175,381	13%	156,633	13%	20,449	13%
France (*)	241,836	18%	246,856	21%	-5,020	-2%
Germany (*)	168,513	12%	162,941	14%	5,572	3%
United Kingdom (*)	116,192	9%	99,620	8%	16,572	17%
Other European countries (*)	242,371	18%	231,928	19%	10,443	5%
NAM (**)	197,724	14%	135,098	11%	62,626	46%
LATAM (***)	67,439	5%	40,927	3%	26,512	65%
APAC (****)	101,947	7%	93,196	8%	8,751	9%
Other countries	54,445	4%	29,400	3%	25,045	85%
Net revenues	1,365,848	100%	1,196,599	100%	170,949	14%
Non-core revenues	1,700		2,724		(2,724)	
Total Revenues	1,367,548		1,199,323		168,225	14%

Note: (\*) EU area  
(\*\*) North and Central America  
(\*\*\*) South America  
(\*\*\*\*) Asia Pacific

NET REVENUES 2022 BY GEOGRAPHIC AREA



In 2022, the Group recorded a 14% increase in Total Revenues compared to the previous year; this growth involved all three of the Group's BUs (Retail BU, After Sales BU and Food & Beverage BU) and almost all the geographical areas in which it operates.

From the point of view of profitability, the financial year 2022 turned out to be a positive one for the Group, even though EBITDA was down, considering the considerable tensions in the markets caused by the international political-economic context described above, which led to double-digit increases in material procurement, energy and logistics costs, as well as general uncertainty caused by fears of inflation and recession.

The following table highlights the Key Balance Sheet Data Indicators for the years ended 31 December 2022, 2021 and 2020.

In thousands of Euros, ratios and percentages	At 31 December 2022	At 31 December 2021	At 31 December 2020	Changes 2022 vs 2021		Changes 2021 vs 2020	
Net fixed assets	291,998	284,052	279,470	7,946	3%	4,582	2%
Net operating working capital	382,481	272,838	209,404	109,643	40%	63,434	30%
Net working capital	290,294	182,164	162,375	108,130	59%	19,789	12%
Net Working Capital/Total Revenues	21%	15%	18%	6%		-2%	
Net invested capital	554,042	421,377	394,135	132,665	31%	27,242	7%
Average days of warehouse rotation	82	66	65	16	25%	1	2%
Average days of collection of trade receivables	84	78	79	6	8%	(1)	-1%
Average payment days for trade payables	69	68	60	1	2%	8	13%
Net financial debt	170,333	58,489	80,881	109,230	187%	(22,392)	-28%

The item Net Fixed Assets indicates the amount of non-financial fixed assets. It is defined as the algebraic sum of tangible assets, intangible assets, right of use and goodwill.

Net Working Capital is a useful unit of measurement for evaluating and monitoring the liquid resources required to meet obligations due. The Company distinguishes between two levels of working capital, namely Net Working Capital, calculated as the algebraic sum of inventories, trade receivables and trade payables, and Net Working Capital, which in addition to the above items also includes other receivables and other current assets, tax receivables, tax payables, other current liabilities, deferred tax assets, deferred tax liabilities and other non-current liabilities. The table above also shows the ratio of Net Working Capital to Total Revenues for the years ended 31 December 2022, 2021 and 2020.

Average days in inventory expresses the average time in which inventory is sold during the year expressed in days. For the years ended 31 December 2022, 2021 and 2020, the index is calculated at the end of each month by comparing (i) the inventories recorded at the end of the month under analysis and (ii) the average sales revenue for the last 120 days, multiplied by 120. The arithmetic average of the 12 months making up the financial year represents the indicator for that year.

Average days to collect trade receivables indicates the average time to collect trade receivables from the Group's customers, expressed in days. They are calculated by Epta at the end of each month by comparing (i) the total trade receivables for the month under analysis and (ii) the average operating revenue for the previous 120 days. In order to calculate the average collection days for the year, the arithmetic average of the average collection days for the 12 months that make up the year is calculated.

Average days to pay trade payables indicates the average time taken to pay the Group's trade payables to suppliers expressed in days. The indicator is calculated on a monthly basis, by subtracting the "Operating Working Capital Days" indicator from the sum of the average number of days of collection of trade receivables and the average number of days the company has reserves in stock. The latter, in turn, is calculated monthly by relating the operating working capital at the end of the month under analysis to the sum of the previous 120 days' revenues and multiplying the result by 12.

In general, during 2022, there was a conscious increase in the levels of working capital and especially inventory, which partially influenced the cash flow for the year. This increase was instrumental in dealing optimally with supply chain disruptions. Enlarging stocks of raw materials and components secures production and delivery to customers and mitigates the risk of possible price increases.

Net Invested Capital is a useful unit of measure for calculating the total assets and liabilities required by the Group to carry out its typical activities. It is calculated as the algebraic sum of Net Fixed Capital, Net Working Capital, other medium/long-term assets and other medium/long-term liabilities.

The Cash Conversion rate is an index that provides an indication of the Group's ability to convert Adjusted EBITDA into cash. It is calculated as the ratio of Adjusted EBITDA – Capex +/- Delta Working Capital and Adjusted EBITDA.

Euro thousands	At 31 December 2022	At 31 December 2021	At 31 December 2020	Changes 2022 vs 2021	%	Changes 2021 vs 2020	%
<b>Adjusted EBITDA (A)</b>	<b>123.072</b>	<b>136.279</b>	<b>75.036</b>	<b>(13.207)</b>	<b>-9,7%</b>	<b>61.243</b>	<b>81,6%</b>
Capex tangible assets (B)	28.075	18.443	25.159	9.632	52,2%	(6.716)	-26,7%
<b>Cash Conversion [(A-B)/A]</b>	<b>77,2%</b>	<b>86,5%</b>	<b>66,5%</b>				
Net Working Capital	<b>290.294</b>	182.164	162.375	108.130	59,4%	19.789	12,2%
Delta Working Capital (C)	<b>(108.130)</b>	(19.789)	35.139				
<b>Full Cash Conversion [(A-B+/-C)/A]</b>	<b>-10,7%</b>	<b>71,9%</b>	<b>113,3%</b>				

Net debt is indicative of the Group's ability to meet its financial obligations.

The following table provides details of the composition of net financial debt determined in accordance with CONSOB Communication DEM/6064293 of 28 July 2006 and in accordance with recommendations ESMA/2013/319 and the new guidelines published on 4 March 2021 on the disclosure requirements arising from Regulation 1129, Regulation 979 and Regulation 980, for the years ended 31 December 2022, 2021 and 2020.

Euro thousands	31.12.2022	31.12.2021	31.12.2020	Changes 2022 vs 2021	Change % 2022 vs 2021	Changes 2021 vs 2020	Change % 2021 vs 2020
(A) Cash	(47)	(72)	(327)	25	-35%	255	-78%
(B) Other cash and cash equivalents	(114,190)	(123,275)	(173,611)	9,086	-7%	50,335	-29%
(C) Other current financial assets	(17,724)	(19,437)	-	1,713	-9%	(19,437)	100%
<b>(D) Liquidity (A) + (B) + (C)</b>	<b>(131,961)</b>	<b>(142,785)</b>	<b>(173,938)</b>	<b>10,823</b>	<b>-8%</b>	<b>31,153</b>	<b>-18%</b>
(E) Current financial payables	117,984	48,539	29,709	69,445	143%	18,830	63%
(F) Current portion of non-current debt	20,476	16,177	49,871	4,299	27%	(33,693)	-18%
Other current financial payables	32,682	11,705	11,396	20,977	179%	309	3%
(F) Current portion of non-current debt	53,159	27,882	81,377	25,276	91%	(53,494)	-66%
<b>(G) Current financial debt (E) + (F)</b>	<b>171,143</b>	<b>76,421</b>	<b>111,086</b>	<b>94,721</b>	<b>124%</b>	<b>(34,665)</b>	<b>-31%</b>
<b>(H) Net current financial debt (G) - (D)</b>	<b>39,181</b>	<b>(66,363)</b>	<b>(62,851)</b>	<b>105,544</b>	<b>-159%</b>	<b>(3,512)</b>	<b>6%</b>
(I) Non-current debt (excluding current portion and debt instruments)	103,111	78,419	99,372	24,691	31%	(20,952)	-21%
(J) Debt instruments	28,041	46,433	44,360	(18,392)	-40%	2,073	5%
(K) Trade payables and other non-current payables	-	-	-	-	-	-	-
<b>(L) Non-current financial debt (I) + (J) + (K)</b>	<b>131,152</b>	<b>124,852</b>	<b>143,731</b>	<b>6,300</b>	<b>5%</b>	<b>(18,879)</b>	<b>-13%</b>
<b>(M) Total financial debt (H) + (L)</b>	<b>170,333</b>	<b>58,489</b>	<b>80,880</b>	<b>111,844</b>	<b>191%</b>	<b>(22,391)</b>	<b>-28%</b>

As commented above, the Group's net financial debt increased due to the need to support the increase in working capital, and mainly inventory, in counteracting possible negative effects due to complexities in the logistics chain.

However, the Group's financial structure remains very solid, considering that Net Financial Debt of Euro 170,333 thousand represents a ratio of 1.4x to EBITDA and 44.1% to Net Equity.

Consolidated net financial debt includes bonds amounting to approximately Euro 46 million, finalized on 10 March 2016 and on 18 April 2019 through the placement of securities with Pricoa Capital Group - a company of the US Prudential Financial Group (a company active in the private placement market). The latest issuance (in USD) is related to the acquisition of US-based Kysor Warren, which was completed on 29 March 2019. The placement agreement provides for the possibility of placing additional bond issues, up to a total amount of USD 150 million (or Euro equivalent).

Pursuant to article 2428, paragraph 2 of the Italian Civil Code, the analysis of the Group's situation and performance is further commented, for greater understanding, with the presentation of certain financial and economic indicators (average balance sheet values):

## FINANCIAL INDICATORS

Euro thousands	31.12.2022	31.12.2021
Total non-current assets	318,144	319,760
Total assets	1,055,964	956,010
<b>Weight of fixed assets</b>	<b>30.1%</b>	<b>33.4%</b>
Total current assets	737,820	636,250
Total assets	1,055,964	956,010
<b>Weight of working capital</b>	<b>69.9%</b>	<b>66.6%</b>
Total shareholders' equity	374,606	338,071
Total liabilities and shareholders' equity	1,055,964	956,010
<b>Weight of equity</b>	<b>35.5%</b>	<b>35.4%</b>
Total liabilities	681,359	617,939
Total liabilities and shareholders' equity	1,055,964	956,010
<b>Weight of minorities' capital</b>	<b>64.5%</b>	<b>64.6%</b>
Total current assets	737,820	636,250
Total current liabilities	491,574	399,451
<b>Availability Index</b>	<b>150.1%</b>	<b>159.3%</b>
Cash and cash equivalents and short-term deposits	118,793	148,643
Total current liabilities	491,574	399,451
<b>Liquidity index</b>	<b>24.2%</b>	<b>37.2%</b>
Total shareholders' equity	374,606	338,071
Total non-current assets	318,144	319,760
<b>Fixed asset coverage index</b>	<b>117.7%</b>	<b>105.7%</b>

ECONOMIC INDICATORS

Euro thousands	31.12.2022	31.12.2021
Consolidated net result	50,017	61,108
Total shareholders' equity	374,606	338,071
Return on equity	13.4%	18.1%
Operating result	78,539	92,747
Amortization/depreciation	39,513	36,365
Provisions/Releases	834	1,866
Gross Operating Margin	118,885	130,978
Operating result	78,539	92,747
Operating invested capital	554,042	421,445
Return on investment	14.2%	22.0%
Operating result	78,539	92,747
Net Revenues	1,367,548	1,199,323
Sales profitability	5.7%	7.7%

3.3.5 Analysis of the performance of the Group companies

Epta Iberia S.A.U. - Spain

It carries out activities of distribution of the Group's products, installation of equipment and service in Spain. In 2022, it achieved revenues of approximately Euro 51 million.

Epta France S.A.S. - France

It carries out the production and marketing in France and abroad of the Group's products, as well as installation and service activities. In 2022, it achieved revenues of approximately Euro 284 million. During 2022, the merger between Epta France S.A.S. and IARP France S.A.S., a company that provided installation and after-sales services, was finalized.

Epta Deutschland GmbH - Germany

It carries out the marketing of the Group's products and service activities (installation and after-sales) in Germany. In 2022, it achieved revenues of approximately Euro 167 million.

Epta International Kft - Hungary

This is a commercial company that deals with commercial development in areas not directly covered by other Group companies and in particular in Central Europe and the Middle East, developing new customers and new market areas and carrying out service activities (installation and after-sales). It generated revenues of Euro 119 million.

Epta UK Ltd - United Kingdom

Conducts manufacturing and marketing of George Barker branded products in the United Kingdom. In 2022, it generated revenues of approximately Euro 115 million. 2022 saw the continuation of the process, begun in the previous year, of corporate simplification of the structure present in the United Kingdom, with the transfer to Epta UK Ltd (formerly George Barker Ltd) of the business unit of Epta Cold Service Ltd (which carried out installation and after-sales activities for the local English market, in the southern part of the country) and its direct parent company Epta Service UK Ltd. For these companies, the liquidation process will be completed in the course of 2023.

Knudsen Køling A.S. - Denmark

Acquired in 2015, it performs sales and service activities (installation and after-sales) for the local Danish market. In 2022, it generated revenues of approximately Euro 23 million. At the end of 2022, the merger of the sub-holding Epta Refrigeration Denmark into Epta Knudsen Køling was finalized, resulting in a corporate simplification.

DAAS Impex Srl - Romania

Acquired in 2019, it operates in the commercial, industrial and Ho.Re.Ca. refrigeration industry. In 2022, it generated a turnover of approximately Euro 50 million.

Epta Istanbul SöGutma Sistemleri San.Tic.Ltd.Şti. - Turkey

It carries out the production of refrigerated counters for the local and neighbouring markets, as well as for other Group companies. In 2022, it generated revenues of approximately Euro 24 million. At the end of 2022, the merger by incorporation of Epta Istanbul Pazarlama San.Tic.Ltd.S took place, resulting in a consequent corporate simplification.

**Epta (Qingdao) Retail Equipment Co. - China**

It manufactures and markets refrigerated counters in the Chinese and south-east Asian markets. In 2022, it generated revenues of approximately Euro 32 million.

**Epta Asia Pte Ltd - Singapore**

It carries out marketing of the Group's products and services (installation and after-sales) for the local Singaporean market, as well as business development activities in the Far East not covered directly by other Group companies, developing new customers and new market areas. In 2022, it generated a turnover of approximately Euro 21 million.

**Iarp Asia Co., Ltd - Thailand**

It carries out the activity of production and marketing in the Far East of products for retail and Food & Beverage. In 2022, it generated revenues of approximately Euro 34 million.

**Epta Argentina S.A. - Argentina**

It carries out the production and marketing of the Group's products in South America, as well as service (installation and after-sales). In 2022, it generated revenues of Euro 35 million. It should be noted that at fiscal year 2018, Argentina has been included in the countries considered hyper-inflationary economies, in line with the provisions of IAS 29.

**Epta Chile S.A. - Chile**

It carries out marketing and installation activities for the Group's products in South America. In 2022, it achieved revenues of Euro 32 million, an increase over the previous year.

**Kysor Warren Epta US Corporation (USA)**

Acquired in 2019, it carries out the activities of manufacturing and marketing of the Group's products, as well as service (installation and after-sales). In 2022, it generated revenues of Euro 151 million.

**Kysor Warren de Mexico S. De R. L. De C.V. (Mexico)**

Acquired together with Kysor Warren USA in 2019, it carries out the marketing of the Group's products in Central America, as well as service (installation and after-sales, through its subsidiary Kysor Warren Mexico Services). In 2022, it generated total revenues of Euro 53 million.

The following companies carry out installation and after-sales activities with individual turnovers of less than Euro 15 million and overall sales of Euro 71 million.

- Epta Austria Gmbh - Austria
- Epta Polska sp.z.o.o. - Polonia
- Epta Suomi O.y. - Finlandia - È detenuta al 90% dal Gruppo
- Epta Technical Services UAE LLC - Emirati Arabi Uniti
- Epta Technical Services Ryhadh Llc - Arabia Saudita
- Epta Australia PTY Ltd - Australia
- Epta Refrigeration Philippines Inc - Filippine
- Iarp Services Co., Ltd - Tailandia
- Sofrico S.A.R.L. - Nuova Caledonia
- Epta Peru S.A.C. - Peru
- Epta Costa Rica Ltda - Costa Rica
- Epta Guatemala Sociedad Anonima - Guatemala
- Epta Andina S.A. - Colombia
- Epta Vietnam Company Limited - Vietnam
- Epta Refrigeration Portugal S.A. - Portugal. Acquired in December 2021, it is a major player thanks to its well-established partnerships with major retail chains, and is also active in Morocco and the Azores.

The following companies are subholdings or non-operating companies:

- Epta Rack S.A. - France - Non-operational  
Owns a property partially leased to a third party, which is recorded in investment properties.
- Epta Développement S.A.S. - France - Non-operational
- Misa France S.a.r.l. - France - Non-operational
- Epta Suisse A.G. - Switzerland - Non-operational
- Epta Norway AS - Norway - Non-operational
- Epta Refrigeration Romania Srl - Romania - Sub-holding Holds DAAS Impex srl.
- Epta Refrigeration (M) Snd Bhd - Malaysia - Not operational
- Epta Honduras SA - Honduras - Not operational
- Epta El Salvador - El Salvador - Not operational
- Epta Service UK Ltd - United Kingdom - Not operational
- Epta Cold Service Ltd - United Kingdom - Not operational

### 3.3.6 Economic value generated and distributed to Stakeholders

The economic value generated and distributed represents the ability of a company to create wealth and distribute it among its Stakeholders. The economic value generated by Epta S.p.A., in fact, is distributed for the most part to the various Stakeholders with whom the company comes into contact in the performance of its activities, while respecting the cost-effectiveness of management and the expectations of these same stakeholders.

The economic value retained, determined as the difference between the economic value generated and the economic value distributed, represents instead the set of financial resources dedicated to the economic growth and equity stability of the company, as well as to the creation of new wealth to the benefit of Stakeholders.

In 2022, the economic value generated amounted to Euro 1,368,191 thousand. Of these, the economic value retained by the company amounted to Euro 50,017 thousand. The distributed economic value amounted to Euro 1,273,309 thousand and is divided between the following Stakeholders:

- › operating costs account for the main share, amounting to Euro 924,110 thousand;
- › approximately Euro 324,553 thousand were distributed to employees, primarily regarding wages, salaries, social security and welfare expenses;
- › Euro 15,465 thousand was paid to the Public Administration for direct and indirect taxes;
- › Euro 9,182 thousand was paid to lenders in the form of interest and commissions, financial expenses and differences, based on IAS 29 Hyperinflation.

#### ADDED VALUE

(Euro thousands)	2022	2021
Revenues	1,333,828	1,177,199
Other income	33,721	22,125
Financial income	642	619
<b>Total economic value generated</b>	<b>1,368,191</b>	<b>1,199,942</b>
Operating costs	924,110	769,207
Remuneration of personnel	324,553	299,139
Remuneration of lenders	9,182	4,289
Public Administration Remuneration (*)	15,465	26,559
<b>Total economic value distributed</b>	<b>1,273,310</b>	<b>1,099,193</b>
Bad debts	1,693	2,871
Unrealized exchange rate differences	4,517	1,411
Amortization/depreciation	39,513	36,365
(Provisions)/Releases of funds	859	1,005
<b>Total economic value retained</b>	<b>50,017</b>	<b>61,108</b>

(\*) also includes deferred taxes.

### 3.3.7 Relationship with related parties

With reference to the type of transactions between Group companies and related parties, reference should be made to the section "Transactions with related parties" in the Notes to the Consolidated Financial Statements.

### 3.3.8 Other information

As at 31 December 2022, the Parent Company held 3,030,000 shares. At the same date, the Parent Company did not hold any shares in the Parent Company, either directly or through fiduciary companies or proxies.

### 3.3.9 Business outlook

Operating information available after 31 December 2022 shows a revenue and order trend in line with the 2023-2026 business plan approved by the Company's Board of Directors.

The sharp rise in material and logistics costs seems to have subsided, although signs of further price pressure are coming from the forwards of some raw materials. This could lead to further pressure on margins, although the Group is gradually passing the increases on to the customer.

In terms of production, as of the date of approval of the financial statements, the Group did not encounter any particular problems in terms of the operational continuity of its production plants. The geographic diversification of activities and the size of the warehouse meant that the Group had no particular problems with procurement flows.

In general, Epta will continue to follow the guidelines set out in its Strategic Plan during 2023, according to the strategic pillars defined above. In particular, the continuous process of integration and consolidation of the acquisitions made over the past few years is planned, in order to fully achieve the expected synergies. It is then planned to continue with ongoing innovation and investment activities aimed at improving the Group's competitiveness, including through the introduction of digital technologies.

It should be noted that in February 2023 the Dusseldorf trade fair - Euroshop - will be held, in which the Epta Group will participate to present its innovative product and service proposals, particularly in relation to products and services with environmental, energy saving and aesthetic impact. At the moment, the response from visitors, in terms of requested appointments, has been excellent, indicating that customers want to return to physical meetings after the pandemic period.

To date, and based on management information, order book and customer negotiations, in our opinion there is no material evidence of adverse events that could negatively impact revenues, operating margins and cash flows.

## 3.4

# Relational and social capital

### 3.4.1 Communication strategies and channels

Epta is a multinational organization, representing several cultures and backgrounds: this is a strength in a dynamic scenario, and it is therefore essential to coordinate internal and external communication so that every action is consistent with the positive change we aim to implement in the contexts in which we operate.

#### Internal Communication

We are aware of the importance of internal communication for all companies, and even more so for a Group of over 6,400 employees and more than 60 nationalities.

As of 2022, we have been working on structuring internal communication activities with the dual aim of improving the level of information sharing at Group level and raising awareness of significant issues of corporate culture, Diversity&Inclusion or international anniversaries. Among other initiatives, on International Women's Day we joined the official communication theme dedicated to the occasion and launched an internal communication campaign encouraging all employees to share a photo of themselves in the official **#BreakTheBias** pose. The images were then collected and shared on social media over the following months.

We then exploited new channels, such as the screensavers on the computers of the entire corporate population, to spread the values of our **Leadership Model** and to inform #EptaPeople about the launch of global projects, such as the Epta4Me platform. In 2022, we worked on the identification of **Epta's Employee Value Proposition**, a communication concept indicating the set of aspects that make up the mutual relationship between Epta and its #EptaPeople.

The result of this process, which involved figures from different Epta departments and teams, is **Where Fresh Thinkers Bloom**: Epta is an evolving reality, where people can grow and feel free to create a career for themselves in a stimulating and multicultural environment. A place where people can grow and cultivate their ideas. This claim will be the protagonist of the internal communication activities planned for 2023, which will see moments dedicated precisely to raising the awareness of #EptaPeople with regard to this new topic.

There was also no shortage of internal meeting moments such as the **Global Leadership Event 2022**, during which the goals and strategies for the next five years were presented and shared with all #EptaPeople senior and middle managers. This year's edition, in attendance and also accessible via streaming, was attended by more than 500 people, and concluded with the customary Epta Awards evening that saw the teams and projects honoured that had been the most successful in interpreting the company's values.



Epta Leadership Model campaign



Global Leadership Meeting 2022



Epta Awards ceremony

## Social strategy

Today, more than ever, social media are an integral part of everyday life, keeping us in touch with friends, family and colleagues, enabling us to be informed about world events and to communicate instantly, decisively and globally in an open environment that is visible to all. Epta has had an online presence, in addition to its corporate and brand websites, through **official profiles on the main social media sites** - Facebook, LinkedIn, Instagram, Twitter and YouTube - since 2014.

Since 2020, we have progressively increased our presence on social media and in particular on LinkedIn, the business social media par excellence, with **profiles dedicated to the main companies of the Group: Epta Italy, Epta France, Epta UK, Epta International, Epta Middle East, Epta APAC, Epta LATAM and Kysor Warren**. This approach allows us to ensure consistent and distinctive messages through the corporate profile but, at the same time, to embrace the various corporate identities and to fully utilise the culture and needs of each country in which we operate, through the profiles dedicated to local companies.

We recognize the positive impact that social media can generate and therefore wish to encourage its safe use in line with the Group's values. Our Company trusts the #EptaPeople and wants to establish clear rules that can support those who decide to participate in online and offline conversations. In December 2022, the first **Social Media Policy** was published with the aim of defining guidelines for professional use on social media channels, which respects the Group's code of ethics to optimize the use of corporate accounts and mutual relations with stakeholders, suppliers and customers.

## Epta fairs and events in 2022

After an interruption of almost two years due to the health emergency, events and fairs have gradually resumed. In 2022, Epta took part in around 40 trade fairs and conferences in the sector, both confirming its presence and participating for the first time as an exhibitor in some more specific events.

From 11 to 14 May, the Group took part in **Venditalia**, an international event dedicated to the **world of vending** where it presented its larp brand solutions characterized by technology, connectivity and a focus on energy efficiency.

There was also no shortage of Asian events: from 24 to 28 May Epta Asia Pacific participated at the international trade fairs **THAIFEX - ANUGA ASIA** in Bangkok, Thailand, **Fine Food Australia** in Melbourne between 4 and 8 September and between 25 and 28 October, in **FHA Ho.re.ca** in Singapore. Among the continent's most important events dedicated to the Food & Beverage, Ho.Re.Ca and food tech worlds, was the occasion of presenting the main innovations of the Bonnet Névé and larp brands.

Finally, Epta was among the big names at **Chillventa**, an international technical exhibition dedicated to **refrigeration, air conditioning**, ventilation and heat pumps, which was held from 11 to 13 October. Here the Group presented the latest innovations from its EptaService, EptaTechnica and Misa brands, representing innovation, efficiency and high-level technical expertise in designing natural refrigeration systems. Still in the vein of Chillventa, but specialized for the French market, the appointment at **SIFA** in Lyon from 8 to 10 November 2022 saw further in-depth discussions and presentations to refrigeration and air-conditioning technicians of ETE technology (**Extreme Temperature Efficiency**, the subcooler capable of guaranteeing the operation of a transcritical CO<sub>2</sub> system at any latitude, even in extreme climatic conditions).



Thaifex 2022



Venditalia 2022



Chillventa 2022



Chillventa 2022



Venditalia 2022

At the same time, the Group confirmed its participation in the **main technical conferences on the macro topics of commercial refrigeration**.

We participated as a **Gold Sponsor in the ATMO America Summit**, held on 7 and 8 June 2022 in Washington DC. The event was an opportunity for key players in the HVAC&R industry to share the latest technological innovations and trends, starting with **sustainable refrigeration** and diving into the challenges, benefits and prospects of **CO<sub>2</sub> and propane system** design in North America.

We were also a **Gold Sponsor of the 12th ATMOsphere Europe**. The summit, which took place in Brussels on 15 and 16 November, was an opportunity for the Group to further expand the presentation of **ETE** technology.

There was also no shortage of meetings and in-depth discussions by the technical-scientific community, of which many of Epta's R&D, Marketing and Innovation staff are part. Epta was the Silver Sponsor of the **biennial Gustav Lorentzen conference** on natural refrigerants from 13 to 15 June 2022. This year's theme was "The Natural Choices by 2030", reflecting how one of the main challenges for the industry is to establish natural refrigerants as alternatives that can meet the phase down required by the Kigali Amendment to the Montreal Protocol.

All the events that have taken place in 2022 have begun to set the course for the preparation of the most important event in our industry: **Euroshop, the global retail trade fair** to be held in Dusseldorf from 26 February to 2 March 2023, will see the Group among the key players in the refrigeration sector. An event of this magnitude requires the involvement of the entire company, first and foremost the R&D, Marketing, Purchasing, Service and Commerce departments, with preparation beginning at least one year beforehand.

At Euroshop 2023 Epta will present its vision for the future of retail: **Innovation Reloaded. The Epta Sustainable System**. An innovative natural refrigerant system, efficient and reliable even in critical climatic conditions, best-in-class refrigeration cabinets in terms of energy performance, and the first plug-in designed with a circular economy in mind and 95% recyclable, just some of the specific examples that visitors will be able to discover at the exhibition. **Green Facts, not just words**. This important showcase will be an opportunity to further reconfirm how Epta supports retailers in their ecological transition by managing the entire life cycle of their shops with sustainable, efficient and high quality products and services.



Epta communication for the Euroshop 2023 event

### 3.4.2 Service quality, customer relations and complaints management

Satisfied customers find the right solution to their problem: ideally, it is necessary to identify their needs before they are even aware of them; then maintaining an open relationship with continuous listening is the key to a fruitful and lasting collaboration.

**The issue of listening is at the heart of our relationship with our customers:** to this end, we are working to implement a shared system and a structured way to collect the so-called *voice of the customer* i.e. the customer experience, so as to further improve the service offered. On some institutional occasions, such as the largest international trade fairs, we have implemented customer survey systems that have returned wide-ranging feedback on Epta, useful for the continuous improvement of the brand and our range of products and services, while various initiatives for monitoring post-installation customer satisfaction are active locally.

In 2022, **the implementation of the Customer Relationship Management system** aimed at improving the management of customer information and the management of business opportunities in the Group's various business areas continued on schedule. During the year, in addition to activating the CRM platform in more than half of the European markets, the implementation of the service activity management module (Field Service) also began.

The FS module will allow both more efficient handling of service calls requested by customers and more effective control of technical problems occurring on the product. All this will contribute to the continuous improvement of customer satisfaction throughout the entire product life cycle.

Here too, the Change Agent and Key User figures contributed to the support and training of users and thus facilitated the adoption of the new tool.



Stakeholder b-to-b events, finally back in full swing, are essential in Epta's relational model

### 3.4.3 Relations with public institutions and the community

For Epta, the creation of shared value is a daily commitment that extends throughout the supply chain and also embraces the people and local communities of the areas in which it operates, and where it is known thanks to its factories and offices.

People are in fact the pillars on which the Group intends to build its future history: social responsibility therefore does not end with initiatives in favour of employees (ref. page 114), but also includes numerous projects that strengthen the close link between Epta and the local area, under the banner of the values of environmental protection, cultural heritage and attention to the well-being of the community.

#### CULTURAL AND ENVIRONMENTAL INITIATIVES AND COLLABORATIONS

Despite being a multinational company, the Group continues to maintain a strong link with the local communities and territories in which it operates, as evidenced by numerous initiatives.

##### Italian Environment Fund

Since 2015 we have been engaged as Corporate Golden Donor of FAI - Fondo Ambiente Italiano - in safeguarding the national heritage. An initiative that finds its best expression in the **artistic and architectural recovery of the Abbey of San Fruttoso in Camogli** (GE) and which now continues with the **plan to support Villa dei Vescovi**, a historical palace inspired by the themes of classicism located in Torreglia (PD).

##### Val Visdende reforestation

We also support the Veneto region's reforestation project for Val Visdende, one of the areas hardest hit by storm Vaia in 2018. Thanks to our contribution, **18,000 trees in total** will be planted and cared for by local residents that are currently without employment, making an important contribution to returning the area, where Epta is known for its Costan brand, to its full splendour.

##### Rise Against Hunger Italy

The Group also engages in projects to support the most vulnerable communities, such as that of **Rise Against Hunger Italy**, part of a global network that fights to eradicate poverty through empowerment of communities, nurturing their aspirations and responding to grave humanitarian crises. Thanks to our intervention, we have contributed to the production and donation of food kits for refugees who have fled to Poland and Romania in response to the current humanitarian emergency in Ukraine.

##### The "EptaPeople Forest" together with Treedom

As part of the partnership with the Treedom web platform, we are supporting a three-year project which includes **the planting and care of 1,500 fruit trees in Colombia, Ecuador, Haiti, Kenya and Tanzania**.

With a view to **engagement** internally, from 2021 we will donate one of these trees to each new employee and to



Villa dei Vescovi, Torreglia (PD), FAI property supported by Epta



Epta supports the reforestation of Val Visdende



EptaPeople Forest project involves planting 1,500 fruit trees in Colombia, Ecuador, Haiti, Kenya and Tanzania

employees that are nearing retirement, who will be able to follow its growth thanks to geo-localization and online monitoring managed by Treedom. An initiative with a strong social value for local communities, which strengthens ours **carbon neutrality**, restores biodiversity and contributes to the fight against **climate change**, by virtue of the absorption of hundreds of thousands of kg of CO<sub>2</sub>.

### 3.4.4 Awards and recognitions

Quality and excellence have always been a must at Epta, as has its commitment to responsible social progress. Concrete values that have produced important recognitions in 2022, such as the nomination for the **fourth consecutive year as Best Managed Italian Company**. As part of the program promoted by Deloitte, this award is dedicated to Italian companies that, thanks to their organizational success and their attention to social responsibility, generate a positive impact on the ecosystem in which they operate.

Epta was also selected as one of Italy's top 100 sustainable companies and received the **Sustainability Award 2022**. The award is sponsored by Crédit Suisse and Kon Group and was created to support and enhance Italian companies that are committed to the planet.

Also in 2022, Epta was awarded the High Budget Honour of the **Felix Industry Award** for performance in management and financial reliability.

Epta has acquired the status of **Authorized Economic Operator (AEO)** at the highest level of reliability (AEOF Full): a qualification of great strategic importance, issued by the Customs Agency, which certifies the company as a reliable operator in customs operations (AEOC) and a secure operator in the supply chain (AEOS).

The Italian Competition and Market Authority (AGCOM) has decided to give EPTA S.P.A. the **Legality Rating with a score of "★★★★"** (a synthetic indicator of compliance with high standards of legality awarded to companies that have applied for it and, more generally, for the degree of attention paid to the proper management of their business).

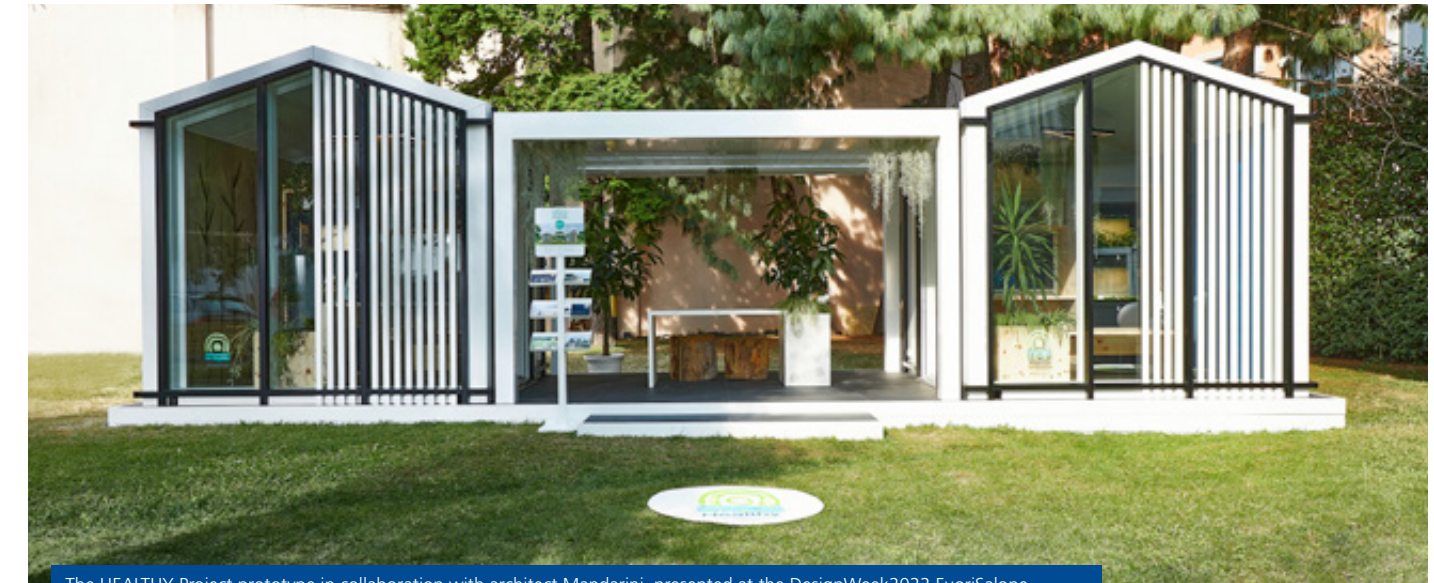
Finally, following an investigation conducted by the Revenue Agency, Epta was admitted to the **cooperative compliance (collaborative fulfilment pursuant to Legislative Decree 128/2015)**. A goal aimed at responding to the need for security and stability in the application of tax rules, as well as the mitigation and reduction of litigation, through continuous dialogue between the Agency and the Company.

The solutions of the Epta brands enjoy century-old traditions and have achieved numerous design awards, including at an international level.

The main awards obtained by Epta in recent years are described below, according to category.

#### Design

- **ADI Design Index 2022, 2020, 2018: HEALTHY by Massimiliano Mandalini** and **Axis**, the refrigerated counter proposed by **larp**, were singled out by the Association for Industrial Design (ADI) among the best Italian design solutions for the 2022 edition.
- **SMART LABEL 2021, 2019, 2017**: an award given by Host Fiera Milano and POLI.design to the most innovative products and companies in the Ho.Re.Ca. and Retail sectors. Won with Visualis Eurocryor in 2021, larp's Glee IoT in 2019 and with Epta and Electrolux Restaur-action in retail corners in 2017.



The HEALTHY Project prototype in collaboration with architect Mandalini, presented at the DesignWeek2022 FuoriSalone



larp's AXIS refrigerated counter awarded with the HEALTHY project



CEO Marco Nocivelli picks up the Deloitte Best Managed Company 2022 award

- › **GERMAN DESIGN AWARD 2020, 2016:** the prize is awarded by the German Design council, a body established on the initiative of the Deutsche bundestag of the German parliament in 1953 to highlight innovations that generate added value for brands in terms of design. Awarded in 2020 to Velvet Costan and in 2016 to RevUP Family Costan.
- › **RETAIL INSTITUTE AWARD ITALY 2018, 2017:** the most important contest dedicated to excellence in Retail Marketing and POP organized by the Retail Institute Italy, one of the best known Italian marketing and retail associations, won by Epta with the projects Bennet Smart Lecco (2018) and Restaur-action in retail corners (2017).

## Business Excellence

- › **DELOITTE BEST MANAGED COMPANY 2022, 2021, 2020, 2019:** Epta was identified as one of the best managed companies in Italy following an analysis conducted by Deloitte, taking into consideration the critical success factors: corporate strategy, distinctive skills, commitment to people, management control and performance measurement, corporate social responsibility and innovation.
- › **FELIX INDUSTRY AWARD 2022, 2021:** Epta is honoured among the 43 outstanding entrepreneurs in Lombardy who stand out for their performance in management and financial reliability.
- › **BEST PERFORMANCE AWARD 2018:** an annual award sponsored by SDA Bocconi, J.P. Morgan Private Bank, PwC, Thomson Reuters and Gruppo 24 ORE in favor of companies that stand out for excellence in sustainable development.

## Environment

- › **SUSTAINABILITY AWARD 2022:** Epta is among the top 100 sustainable companies in Italy. The award is sponsored by Crédit Suisse and Kon Group and was created to support and enhance Italian companies that are committed to the planet.
- › **SUSTAINABILITY LEADERS 2022-2021:** Epta is among the 2021 "Sustainability Leaders", an initiative signed by Il Sole 24 Ore and the analysis company Statista to reward Italian companies that stand out for a development strategy based on respect for the environment and attention to the social dimension.
- › **EUROPEAN CLIMATE LEADER 2021:** Epta is among the 10 Italian companies to be selected among the European Climate Leaders 2021 in the study signed by the Financial Times and the analysis company Statista.
- › **PERIFEM AWARD 2018:** the Epta FTE System receives the award instituted by Perifem, the French association of retail technical manufacturers, in the *Energy/Environment* category.
- › **AWARD FOR SUSTAINABLE DEVELOPMENT 2018:** The Epta FTE System received the award for the most deserving Italian companies in the field of green economy.
- › **GERMAN REFRIGERATION AWARD 2018:** The Epta FTE System takes first prize in the "Refrigeration & Air Conditioning Innovation" category. The award, presented by Federal Minister for the Environment, Nature Conservation and Nuclear Safety, Svenja Schulze is intended to promote the development of innovative and energy-efficient HVACR technologies.
- › **RAC COOLING INDUSTRY AWARDS 2017, 2016, 2014, 2009, 2007, 2006:** prestigious reference event in the refrigeration and air conditioning industry.
- › **LEGAMBIENTE 2016:** *Good Practices Award for Renewable Energies and Sustainable Mobility* won by the Epta group

for its solutions that enable the creation of totally green points of sale.

- › **ECOCARE 2014:** Epta is awarded in the "Project" category for the eco-sustainability of its production site in Limana (BL).

## 3.4.5 Privacy

Data protection is an important issue for our Group, which has become increasingly important over the last few years, also in view of the digital transformation we have initiated.

As also stated in our Code of Ethics, in compliance with applicable laws and regulations, **we are committed to adopting appropriate technical and organizational measures aimed at protecting the personal data of employees, collaborators, customers, suppliers** and, in general, of the persons with whom we interact.

Thus, the necessary safeguards were adopted to ensure compliance with the measures required by Regulation (EU) 2016/679 (General Data Protection Regulation - GDPR), including the application of an internal regulation on the protection and processing of personal data, the keeping and updating of a register of personal data processing activities, the appointment of System Administrators and Data Processors, and the adoption of appropriate personal data processing notices.

## 3.4.6 Cyber security

The digital transformation initiated by Epta requires full awareness of the importance of **ensuring the cyber security of data and its systems against cyber attacks and service interruptions, to protect all internal and external stakeholders** as well as to preserve the company's reputational image.

To this end, we confirmed our commitment to the development of the IT security programme, which saw the implementation of the necessary technical and organizational safeguards, such as:

- › protection of Assets (Workplace Endpoints and Servers);
- › corporate identity protection through Multi-Factor Authentication;
- › the protection of the company's external perimeter through the activation of a SOC 24/7/365 login;
- › protection of the internal perimeter through network segmentation;
- › the ongoing Awareness & Risk Management campaign on employees and top management through training courses and phishing simulation tests;
- › the publication of procedures and the strengthening of corporate organization,
- › the protection of Communication and Collaboration services through the activation of advanced e-mail protection and the availability of an ad hoc function to report suspicious e-mails;
- › the protection of corporate reputation by signing a partnership with BitSight for Cyber Risk & Security Ratings.

Furthermore, the evolution undertaken has led us to adopt **Cloud Computing** and the related transformation of business services to enhance their security, scalability, geographic redundancy and availability, and at the same time, to make a commitment to ensure an adequate level of security in the digitization of processes and the industrialization of products.

Finally, in order to guarantee the same objectives described for Cloud Computing, the protection of privileged identities through PAM, the extended protection of factory networks and the simplification of Datacenters are being implemented.

## 3.5 Human Capital

ENVIRONMENT:  SOCIAL

SDGs:



Material Themes	Related impacts INSIDE-OUT	Related impacts OUTSIDE-IN	Activities generated by the impact	Commitments and policies	Actions implemented	KPI	Monitoring processes
<b>HEALTH AND SAFETY</b>	<p>Possibility of positively or negatively affecting:</p> <ul style="list-style-type: none"> <li>Frequency and severity of injuries;</li> <li>Frequency and severity of occupational diseases, which can have repercussions on the physical integrity of the people involved.</li> </ul>	<ul style="list-style-type: none"> <li>Level of exposure to operational risks related to high rates of accidents, occupational diseases and absenteeism.</li> </ul>	<ul style="list-style-type: none"> <li>Management of the entire production cycle from creation to delivery to the customer.</li> <li>Management of the collection of reports on possible critical issues with the aim of implementing security.</li> <li>Accident events caused by third-party companies that provide services in subcontracted areas.</li> </ul>	<ul style="list-style-type: none"> <li>Application of the management system according to the technical standard ISO 45001:2018.</li> <li>Point 4 of the Group Policy for our management systems: "taking care of workers and striving to provide safe and healthy working conditions in compliance with current legislation".</li> </ul>	<ul style="list-style-type: none"> <li>Application of current legislation.</li> <li>Risk assessment.</li> <li>Continuous monitoring.</li> <li>Education, information and training.</li> <li>Staff involvement.</li> </ul>	<ul style="list-style-type: none"> <li>Frequency index.</li> <li>Severity index.</li> </ul>	<ul style="list-style-type: none"> <li>Allocation of indicators on a monthly basis within the ERP for timely analysis.</li> </ul>
<b>CAPACITY TO ATTRACT AND RETAIN RESOURCES</b>	<p>Possibility of positively or negatively affecting:</p> <ul style="list-style-type: none"> <li>employment stability for company staff;</li> <li>Opportunity for each employee to fully realize their potential.</li> </ul>	<ul style="list-style-type: none"> <li>Level of exposure to operational risks associated with staff turnover and insufficient levels of employee retention.</li> </ul>	<ul style="list-style-type: none"> <li>Human resource management that allows the availability of resources able to share skills with new hires.</li> </ul>	<ul style="list-style-type: none"> <li>Point 7 of the Group Policy for our management systems: "identify training needs by ensuring, at every level of the organization, arrangements for sharing the necessary knowledge and skills, [...]".</li> </ul>	<ul style="list-style-type: none"> <li>Analysis of training needs.</li> <li>Creation of training course catalogues.</li> <li>Planning and organization of paths for the growth of personal skills.</li> <li>Cooperation with schools to train young people in the refrigeration sector for future job placement.</li> </ul>	<ul style="list-style-type: none"> <li>Hours of training provided annually for each employee.</li> </ul>	<ul style="list-style-type: none"> <li>Management of training via the "Epta for Me" application.</li> </ul>
<b>RESPECT FOR THE PERSON AND HUMAN RIGHTS</b>	<p>Possibility of positively or negatively influencing:</p> <ul style="list-style-type: none"> <li>well-being and prosperity of the main Stakeholders with whom the Organization interacts;</li> <li>protection of the fundamental rights of the members of the company's staff and of all those with whom the Organization interacts.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening or erosion of the reputational capital of the organization in the eyes of Stakeholders.</li> <li>Solidity of brand awareness and brand equity.</li> </ul>	<ul style="list-style-type: none"> <li>Management of human resources in terms of discrimination of staff working in the company.</li> <li>Ethical management of business relationships.</li> </ul>	<ul style="list-style-type: none"> <li>Code of Business Ethics.</li> </ul>	<ul style="list-style-type: none"> <li>Application of the corporate Code of Ethics based on the Universal Declaration of Human Rights and the ten principles of the Global Compact.</li> <li>Analysis of corporate well-being.</li> </ul>	<ul style="list-style-type: none"> <li>Collection and analysis of any reports.</li> </ul>	<ul style="list-style-type: none"> <li>Internal Auditing.</li> <li>Corporate Policies.</li> </ul>
<b>ROLE OF WOMEN AND EQUAL OPPORTUNITIES</b>	<p>Possibility of positively or negatively affecting:</p> <ul style="list-style-type: none"> <li>employment stability for company staff;</li> <li>opportunity for each employee to fully realize their potential;</li> <li>gender gap, in terms of opportunities skills salary, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Level of exposure to operational risks associated with staff turnover and insufficient levels of employee retention.</li> </ul>	<ul style="list-style-type: none"> <li>Management of human resources in terms of discrimination of staff working in the company.</li> <li>Possibility of developing initiatives to increase employee inclusiveness, considering diversity as an added value.</li> </ul>	<ul style="list-style-type: none"> <li>Code of Business Ethics.</li> </ul>	<ul style="list-style-type: none"> <li>Staff training.</li> <li>Awareness campaigns on diversity and inclusion.</li> <li>Increase of female personnel both within the production areas and in managerial and governance positions.</li> </ul>	<ul style="list-style-type: none"> <li>Breakdown of staff by age, gender, type of contract</li> </ul>	<ul style="list-style-type: none"> <li>Analysis of the composition of the company population using the "Epta for Me" application.</li> </ul>
<b>WELL-BEING WORKERS, WELFARE AND WORK-LIFE BALANCE</b>	<p>Possibility of positively or negatively affecting:</p> <ul style="list-style-type: none"> <li>levels of work-related stress experienced by company staff;</li> <li>opportunities for employees to realize their potential;</li> <li>employment stability.</li> </ul>	<ul style="list-style-type: none"> <li>Level of exposure to operational risks associated with staff turnover and insufficient levels of employee retention.</li> </ul>	<ul style="list-style-type: none"> <li>Management of work flows and working hours in relation to the business carried out.</li> <li>Human resource management in terms of placement of people with medical limitations.</li> <li>Management of internal mobility with the possibility of aspiring to better positions within the company.</li> </ul>	<ul style="list-style-type: none"> <li>Point 1 of the Group Policy for our management systems: "maintain a high focus on the context of the organization, acting positively towards internal and external issues, stakeholders, their needs and expectations".</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of corporate welfare policies with initiatives, goods and services to support income, increase spending power and improve health and well-being.</li> <li>Working methods aimed at balancing and reconciling professional and private life.</li> <li>Use of smart working to deal with any medical-health problems.</li> </ul>	<ul style="list-style-type: none"> <li>Frequency index.</li> <li>Severity index</li> <li>Absenteeism index.</li> <li>Percentage of use of smart working.</li> </ul>	<ul style="list-style-type: none"> <li>Allocation of indicators on a monthly basis within the ERP for timely analysis.</li> </ul>

### 3.5.1 Staff policies

Consideration for our people and for the quality of a balanced working life are key concepts on which Epta bases its short- and long-term growth. The company's vocation is to make the most of human resources experience and interpersonal differences, fostering the building of cooperation and networks between individuals.

An example of this is the dissemination of the "Eptiquette", which promotes mutual respect for the multiculturalism that characterises our Group, as well as the partnerships activated with international and national volunteering organizations, consistent with our culture of attention to the social context in which we operate.

At the **organizational** level, in 2022 we made major changes in all the Group's geographical areas, both at the top management level and in the underlying structures, favouring the reconfiguration of the positions of internal resources without excluding, where necessary, the integration of new figures recruited externally.

In particular, the first line of management was reinforced in response to the retirement of some employees and the decision to invest in certain functions such as Legal & Compliance and Quality & Sustainability. In addition, the organizational structure of the Americas Region was simplified in order to maximise synergies in South America.

In the area of **training**, we have further evolved the various internal training courses, using both resources already active in the company and external trainers. In particular, the programme of the "EptAcademy" (see further on page 117) - has been updated to promote more current management and leadership concepts as well as to refine the model for understanding the different professional dimensions of the company. The progressive reduction of distancing regulations has finally allowed a return to the value of face-to-face training, while maintaining the use of remote mode with e-learning solutions and/or synchronous courses managed through the corporate collaboration platform.

Externally, we have renewed our commitment to develop young people in the territories where we operate, with the creation of initiatives aimed at students in high schools, technical institutes and universities to build a stronger bridge between school and business.

In the area of **welfare**, special attention was paid to flexible working in 2022, adopting hybrid working formulas throughout the Group according to local practices and regulations.

Work continued on the **simplification and digitization** of HR processes with the launch of the "Epta4Me" tool, the new platform aimed at reducing complexity and enhancing commitment and transparency. With its implementation, it will be possible to access employee profile information, attend e-learning courses, and share professional and development goals, all via smartphone or directly from a computer.

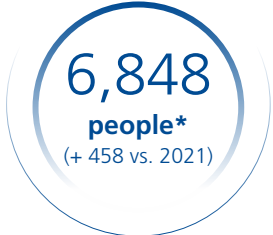
The numerous **external and internal audits** to which we have been subjected by certifying bodies have always yielded positive results, highlighting the absolute best practice value of the various actions introduced, and which are detailed in

the following paragraphs.

### 3.5.2 Workforce and labour cost

The precise figure for the Group's workforce as at **31 December 2022** was 6,848.

The cost of labour has gone from Euro 299,139 recorded in 2021 to Euro 324,553 in 2022.



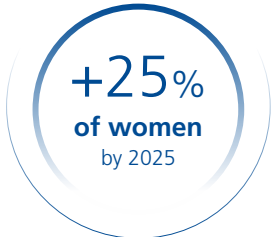
(\*) Total Group Employees

### 3.5.3 Composition and characteristics

We have shared our **Leadership Model** at all levels, which is aimed at highlighting the values, skills and conduct of which Top Management is an ambassador and sponsor.

This is the point of reference that inspires all employees in the development of skills, attitudes and values, and which generates a contribution to the progress of the company.

We also strive every day to offer safety, training and development opportunities to all those who work in our companies: **90% of all our employees are covered by collective agreements.**



TYPE	Men		Women	
	Full time	Part time	Full time	Part time
Manager	279	1	35	0
White collars	1,287	14	652	45
Blue collars	3,039	17	507	52

CONTRACT	Men		Women	
	Full time	Part time	Full time	Part time
Permanent	4,297	31	1,101	94
Fixed-term	68	1	37	3
Interim	240	0	56	0

ORIGIN	Men		Women	
	Full time	Part time	Full time	Part time
Same Province	4,207	32	1,094	94
Other Province	355	0	97	3
Other State	43	0	3	0

Note: the data in the three tables refer only to the production sites and the main commercial organizations.

### 3.5.4 Training

In the awareness that training and development of people are fundamental for working every day in the pursuit of excellence, Epta offers an articulated training and growth program for all employees.

By 2022, we have delivered more than 86,000 hours of training at all our sites, whether production companies or sales offices, thanks to a rich portfolio of activities, thus setting the course for us to increase the number of training hours delivered by 65% between now and 2025.

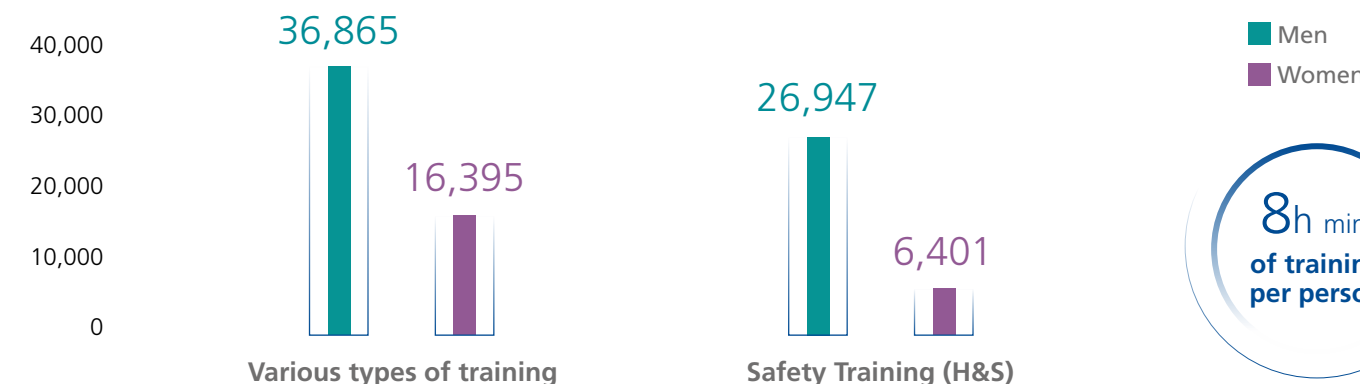
Many of these training moments were developed internally, asking more experienced colleagues to take on the role of trainers. The result of sharing knowledge is certainly a greater involvement of participants, which is facilitated and more effective thanks to the added value that only internal trainers can transfer.

TRAINING HOURS	EPTA GROUP		Total
	Men	Women	
White collars	16,584	7,375	23,959
Blue collars	17,229	7,904	25,132
Managers	3,052	1,116	4,169
H&S - White collars	6,384	1,950	8,334
H&S - Blue collars	18,397	3,503	21,900
H&S - Manager	2,166	948	3,114
<b>Total</b>	<b>63,812</b>	<b>18</b>	<b>86,608</b>

+65%  
training hours  
by 2025

86,608  
total hours  
delivered

#### HOURS OF TRAINING PROVIDED



8h min.  
of training  
per person

**EPTAcademy** is the programme for the development of new talent, defined and delivered together with SDA Bocconi, one of the leading business schools internationally. It is structured over two weeks of classroom training, the first one dedicated to modern Management and Leadership principles and the second one dedicated to getting to know the company from a Financial, Commercial and Operations perspective. Within EptAcademy, experiential initiatives related to the Leadership Model and aimed at promoting corporate identity, networking and ESG culture are organized.

#### Projects for the new generations

The inspiration to innovate originates from knowledge: that is why we support projects and initiatives aimed at training and developing young girls and boys, enhancing their technical skills and supporting them to enter the labour market.

##### › Manfredini Salesian Institute – Este (Padua)

We have contributed to the creation of a cold school at the Salesian Institute Manfredini in Este (PV).

This collaboration has resulted in a **course of study dedicated to the training of refrigeration technicians of the future** and the creation of an Industry 4.0 mechatronic refrigeration laboratory.

##### › Training Centre for Refrigeration Technicians - Magenta (Milan)

We opened in 2019, together with the associations Assocold and Assofrigoristi, the **first school laboratory of refrigeration in Italy for the training of future refrigeration technicians according to UNI EN 13313**, as well as the first school in Europe where an entire small store equipped with the innovative transcritical CO<sub>2</sub> technology is reproduced, made available by us. The Training Centre for Refrigeration Technicians was named in memory of Luigi Nocivelli, founder of Epta Group, who distinguished himself for having strongly believed in the importance of preparation and curiosity.

##### › Cantau EptaSchool 4.0 - Anglet (France)

Our French office and the Lycée polyvalent Cantau, together with SEPCO Association of installers-refrigeration technicians of Bayonne and DANFOSS, have contributed to the creation of the **Cantau EptaSchool 4.0**, which aims to become a **reference point** for the **commercial and industrial refrigeration** supply chain throughout France.

##### › Future, Innovation and Entrepreneurship

We support Treccani Scuola, in collaboration with Confindustria Belluno Dolomiti and other companies in the area, in the creation of a modular training program aimed at high school students in the Belluno area.

This is a **path to acquire transversal skills and orientation to work** that will address issues such as automation, lean manufacturing and sustainability, combining a frontal and theoretical part and a practical one.

##### › DAAS Academy: the future begins today

Born from the partnership between DAAS - an Epta Group company based in Romania - the Technological High School "Elie Radu" in Ploiești and the territorial administrative unit, the initiative aims to train new **refrigeration technicians**. The programme kicked off in 2019 and in July 2022 it saw the country's **first 15 "Frigotechnists"** graduate with the opportunity to join the DAAS team to pursue a career in refrigeration.

Finally, in Germany we are setting up a Training Centre that will be operational during 2023 to train new technicians and update the existing workforce with a view to continuous learning.

## Group projects for 2023

New training initiatives have also been defined in 2022 and will be launched in 2023.

The main ones are listed below:

- **EptAcademy ALUMNI:** a path of continuous development and updating has been defined for managers and future managers who have already participated or are participating in EptAcademy; within this process, monthly refresher shakes with SDA Bocconi on in-depth topics are scheduled remotely, alternating with leadership meetings developed based on the example of successful business stories.
- **Change Management:** a change management course in 4 modules was organized on the Epta4Me platform in order to facilitate a corporate culture oriented towards supporting change in line with market developments.
- **EVP - Employee Value Proposition:** during the course of 2023, the way in which Epta intends to meet the needs, expectations and aspirations of employees will be communicated to the entire corporate population, the result of a project work that began in 2022 and will be developed during the year through the claim "*Where Fresh Thinkers Bloom*".

Among the various communication activities, the new EVP will be conveyed through a visual campaign featuring real **#EptaPeople** from the different Epta locations: a clear definition and sharing of the EVP has a positive impact on the corporate culture, as it improves the involvement of all employees and stimulates the sharing of common values.



Images of #EptaPeople from the new communication campaign for the launch of the Employer Value Proposition

## Diversity & Inclusion

As part of our strategy to develop an ESG culture in the company, as regards the "**Social**", dimension **a Committee of 30 people was created with Diversity & Inclusion that represented all the geographies of the Group** who, supported by a specialized external partner, will create a training course focused on the value of multiculturalism in the organization.

30  
people for the  
D&I Committee

**Among the Diversity & Inclusion initiatives already in place, during 2022 we joined Valore D**, the network of over 300 companies that - for over 10 years - has been promoting gender equality and an inclusive culture in Italy.

The endorsement, sanctioned by the signing by Marco Nocivelli, Chairman and CEO, and the entire Executive Committee, of the "**Manifesto for Women's Employment**", testifies to the attention Epta pays to these issues and the concrete will to work harder every day to enhance the uniqueness of each individual.

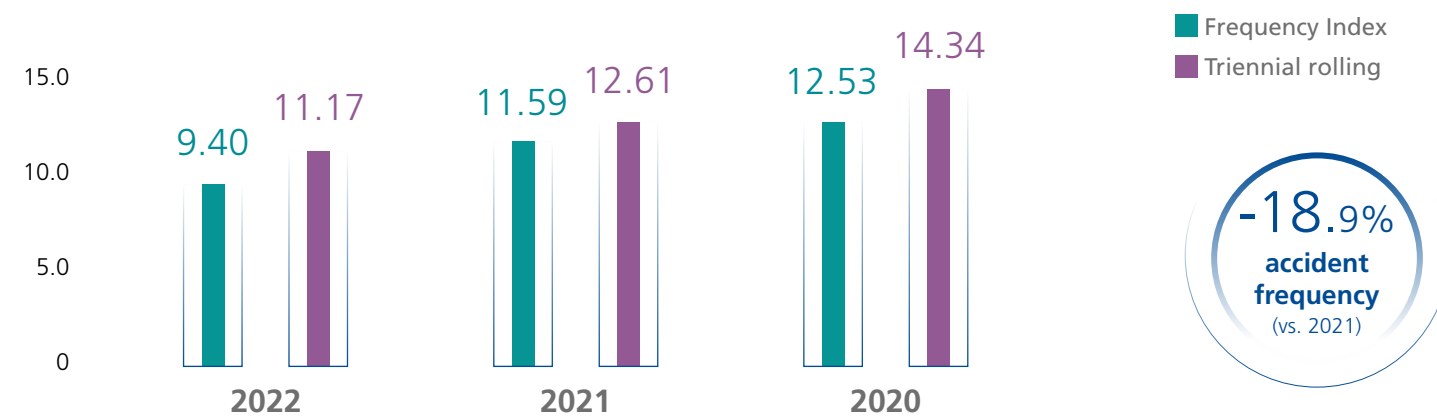
### 3.5.5 Health & Safety

The management of safety and hygiene aspects in the workplace is one of the cornerstones of our corporate strategies: at Epta we not only guarantee safe products, but also workplaces that ensure the safety of all people that work for the company.

An organized structure, starting from the assessment of risks related to production activities, planning of **risk reduction and mitigation activities** with a problem solving approach.



#### ACCIDENT FREQUENCY INDEX



Note: the data refer only to production sites as these are the ones where almost all events occur; the frequency is calculated per 1,000,000 hours worked.

This is the path we have taken with the **involvement of the staff and their representatives**: on this shared basis, the foundations were laid to activate research into new technologies and working methods, with investments in various solutions, including the introduction of automation, which relieves operators of physically intensive tasks, thus leading to an improvement in working environments from an ergonomic point of view.

The Company has defined **a medium-term strategic plan, identifying precise quantitative targets to be achieved**. Decisions are communicated to all interested parties and, in particular, to the Plant Managers who will then, locally, plan activities to seize those opportunities for improvement that is preparatory to the continuous implementation of the Safety Management System, implementing the most effective actions to prevent, reduce and, where possible, eliminate possible risks.

Our commitment to monitoring health and safety issues includes **a systematic approach to analysing accidents** as well as near-misses and in the verification of reference projects and indicators. The aim is to assess the degree of achievement of the defined performance and, in the case of deviations, to activate the necessary actions aimed at steering the process of continuous improvement towards the predetermined goal.

But all this is not enough: we know that a safe environment requires thorough legislative control and cannot disregard the **promotion of a safety culture**, which is embodied in a continuous awareness-raising of our employees, with training courses on relevant topics in this area, in line with current regulations, paying particular attention to new employees.

The data confirm that we are on the right track, with a steady improvement in the accident frequency index: the 2022 reduction was 18.9% compared to 2021 and 22.1 percentage points compared to the previous three-year period.

### 3.5.6 Remuneration system

In 2022, we updated the **Long-Term** Incentive Plan, again based on a model that introduces an economic variable, related to the creation of value for the Company and its Shareholders, measured on the data of the approved Consolidated Financial Statements and with the addition of ESG parameters. As part of a Retention strategy, a Holding period was added for members of the Executive Management Committee and participation in the Plan was also extended to selected personnel in key roles or with high potential. The Plan provides for an annual free allocation of **Performance Shares** exercisable after 3 years.

In 2022, the Short-Term Incentive System was also updated to ensure a consistent cascade system of Group financial targets balanced with quantitative, qualitative individual targets, as well as the introduction of ESG parameters for strategic roles. This plan will enter into force on 1 January 2023.

### 3.5.7 Corporate welfare and organizational well-being

Epta has been involved for several years in the development of company welfare plans and, more generally, of initiatives that can support an improvement in the organizational climate, the quality of life of employees and company performance.

Underlying these initiatives is the belief that the use of corporate welfare can facilitate an improvement in the corporate climate and, ultimately, in productivity itself.

Using the welfare tools that businesses have at their disposal today means embarking on a path that sets itself the ambitious goal of creating workplaces centered on people and their well-being. We also believe that corporate welfare, if linked to a project of a territorial nature, can become a relevant tool for the sustainable development of territories and communities.

In 2022 in particular, having assessed the positive results of the smart working policy adopted in previous years, **we further promoted a hybrid working environment** by facilitating balanced work policies in the office or remotely, with a special focus on Care Giver staff and parents of children under the age of 3.

## 3.6 Natural Capital

### ENVIRONMENT: ENVIRONMENTAL

SDGs:



Material Themes	Related impacts INSIDE-OUT	Related impacts OUTSIDE-IN	Activities generated by the impact	Commitments and policies	Actions implemented	KPI	Monitoring processes
<b>MANAGING GREENHOUSE GAS EMISSIONS AND COMBATING CLIMATE CHANGE</b>	<ul style="list-style-type: none"> <li>Changes in biodiversity and ecosystems where the organization operates.</li> <li>Climatic variations that can expose local communities to extreme weather events.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening or erosion of the organization's reputational capital.</li> <li>Losses or acquisition of market shares.</li> <li>Resilience rate of the organization and guarantee of business continuity.</li> </ul>	<ul style="list-style-type: none"> <li>Productive activities.</li> <li>Use of high impact GHG refrigerant gases.</li> <li>Logistics management.</li> <li>Opportunity to raise awareness among both staff and customers of the implications of incorrect product handling throughout its life cycle.</li> </ul>	<ul style="list-style-type: none"> <li>Application of the management system according to the technical standard ISO 14001:2014.</li> <li>Point 6 of the Group Policy for our management systems: "take the necessary measures to prevent and reduce pollution and CO<sub>2</sub> emissions locally and globally".</li> </ul>	<ul style="list-style-type: none"> <li>Use of low impact GHG refrigerant gases.</li> <li>Introduction of hybrid/electric means of transport.</li> <li>Collaboration with airlines for the use of green fuel.</li> <li>Preparation of guidelines for an aware and responsible use of raw materials.</li> <li>Sampling of emissions to verify compliance with the parameters set by the legislation of the individual countries where the company operates.</li> </ul>	<ul style="list-style-type: none"> <li>Total amount of CO<sub>2</sub> issued in each single production site.</li> <li>amount of CO<sub>2</sub>-Scope1- issued in each single production site.</li> <li>amount of CO<sub>2</sub>-Scope2- issued in each single production site.</li> </ul>	<ul style="list-style-type: none"> <li>Allocation of indicators on a monthly basis within the ERP for timely analysis.</li> </ul>
<b>ENERGY MANAGEMENT, ENERGY EFFICIENCY AND RENEWABLES</b>	<p>Possibility of positively or negatively affecting:</p> <ul style="list-style-type: none"> <li>CO<sub>2</sub> emissions which are at the root of climate change;</li> <li>Protection of biodiversity and ecosystems which underlie the entire economic and social system in which the organization operates.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening or erosion of the organization's reputational capital.</li> <li>Loss or acquisition of market share.</li> <li>Level of exposure to operational risks associated with energy market volatility.</li> <li>Ability to carry out the transition towards technologies with low emissions and environmental impacts with sufficient timeliness and effectiveness.</li> </ul>	<ul style="list-style-type: none"> <li>Management of energy sources used for business activities.</li> <li>Possibility of making certified products with low energy consumption.</li> <li>Ability to keep up to date with the evolution of the regulatory framework and national and international standards on greenhouse gas emission reduction.</li> </ul>	<ul style="list-style-type: none"> <li>Application of the management system according to the technical standard ISO 50001:2018.</li> <li>Point 6 of the Group Policy for our management systems: "apply the latest and most innovative energy solutions in order to reduce consumption both at our sites and for our products".</li> </ul>	<ul style="list-style-type: none"> <li>Self-production of energy from photovoltaic systems.</li> <li>Self-production of electricity and heat from cogeneration.</li> <li>Purchase of "certified" green energy.</li> <li>Purchase of systems/equipment with high performance in terms of energy consumption.</li> <li>Use of lighting systems both in the factories/offices and inside LED-type products.</li> <li>Use of components for the production of products with low energy consumption.</li> </ul>	<ul style="list-style-type: none"> <li>Total quantity of energy purchased in each single production site.</li> <li>Total quantity of gas purchased in each individual production site.</li> <li>Quantity of electricity produced by the photovoltaic systems installed in some production sites.</li> </ul>	<ul style="list-style-type: none"> <li>Allocation of indicators on a monthly basis within the ERP for timely analysis.</li> </ul>
<b>WATER MANAGEMENT</b>	<ul style="list-style-type: none"> <li>Changes in biodiversity and ecosystems where the organization operates.</li> <li>Possibility of having a positive or negative impact on the well-being and prosperity of the main Stakeholders with whom the organization interacts.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening or erosion of the organization's reputational capital.</li> <li>Loss or acquisition of market share.</li> </ul>	<ul style="list-style-type: none"> <li>Management of water resources.</li> <li>Raising awareness of conscious use and waste.</li> </ul>	<ul style="list-style-type: none"> <li>Application of the management system according to the technical standard ISO 14001:2014.</li> </ul>	<ul style="list-style-type: none"> <li>Closed loop production plants.</li> <li>Collection and use of rainwater.</li> </ul>	<ul style="list-style-type: none"> <li>Total amount of water used in each individual production site.</li> </ul>	<ul style="list-style-type: none"> <li>Allocation of indicators on a monthly basis within the ERP for timely analysis.</li> </ul>
<b>PROCUREMENT, WASTE MANAGEMENT, CIRCULAR ECONOMY</b>	<ul style="list-style-type: none"> <li>Changes in biodiversity and ecosystems where the organization operates.</li> <li>Possibility of having a positive or negative impact on the well-being and prosperity of the main Stakeholders with whom the organization interacts.</li> </ul>	<ul style="list-style-type: none"> <li>Prevention or (vice versa) application of sanctions resulting from non-compliance.</li> <li>Strengthening or erosion of the organization's reputational capital.</li> <li>Loss or acquisition of market share.</li> </ul>	<ul style="list-style-type: none"> <li>Management of waste products, with particular reference to dangerous substances recognized as toxic.</li> <li>End of life product management.</li> <li>Sharing of product end-of-life management information to the user.</li> </ul>	<ul style="list-style-type: none"> <li>Application of the management system according to the technical standard ISO 14001:2014.</li> </ul>	<ul style="list-style-type: none"> <li>Management of environmental impacts throughout the production chain.</li> <li>Product end-of-life management.</li> <li>Use of regenerated materials.</li> <li>Verification of compliance with environmental legislation.</li> <li>Preparation of guidelines for an aware and responsible use of raw materials.</li> </ul>	<ul style="list-style-type: none"> <li>Total amount of waste produced at each production site.</li> <li>Total amount of waste recycled and disposed of at each production site.</li> <li>Total amount of hazardous waste produced at each production site.</li> </ul>	<ul style="list-style-type: none"> <li>Allocation of indicators on a monthly basis within the ERP for timely analysis.</li> </ul>
<b>PROTECTION OF BIODIVERSITY</b>	<ul style="list-style-type: none"> <li>Changes in biodiversity and ecosystems where the organization operates.</li> <li>Possibility of having a positive or negative impact on the well-being and prosperity of the main Stakeholders with whom the organization interacts.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening or erosion of the organization's reputational capital.</li> <li>Loss or acquisition of market share.</li> </ul>	<ul style="list-style-type: none"> <li>Productive activities.</li> <li>Use of high impact GHG refrigerant gases.</li> <li>Means of transport.</li> <li>Compliance with environmental legislation.</li> <li>Environmental monitoring.</li> </ul>	<ul style="list-style-type: none"> <li>Application of the management system according to the technical standard ISO 14001:2014.</li> </ul>	<ul style="list-style-type: none"> <li>Use of low impact GHG refrigerant gases.</li> <li>Introduction of hybrid/electric means of transport.</li> <li>Collaboration with airlines for the use of green fuel.</li> <li>Environmental sampling to verify compliance with the parameters set by the legislation of the individual countries where the company operates.</li> </ul>	<ul style="list-style-type: none"> <li>All indicators referring to the environmental management of each production site.</li> </ul>	<ul style="list-style-type: none"> <li>Allocation of indicators on a monthly basis within the ERP for timely analysis.</li> </ul>

### 3.6.1 Environmental policy

As the World Economic Forum has been pointing out for years, climate change is a threat to the entire planet and is among the world's major risks with economic and social consequences. Faced with this scenario, the Company has decided to adopt a "risk-oriented" approach to environmental management as well, in order to intervene in the mitigation of its effects and to study growth strategies that cannot disregard a profound reflection on environmental sustainability aspects.

With this in mind, we are committed to responding to the challenges posed by climate change by analysing potential impacts, including financial ones, to **improve our resilience and seize the opportunities that the ecological transition can offer us**. This is done through a proactive commitment and is a source of pride that is nurtured by a management that is sensitive to such issues and is manifested every year by numerous specific projects.

We have long since embarked on a path of improvement that drives us to combat climate change, to make rational use of water resources and to protect the environment in all its forms so as not to damage and impoverish the ecosystem around us, thus preserving it for future generations.

The good results achieved so far serve as an incentive to look ahead, with the definition of a strategic plan full of increasingly ambitious goals, which require the involvement of all actors at every level.

This is a complex challenge that can only be tackled by creating a solid culture of sustainability, where everyone can make their own contribution to reaching those targets that allow us to be assessed as an environmentally virtuous company.

However, we do not want to be virtuous only on paper. We care about being valued for what we actually do, which is why we **are structuring ourselves with systems and resources that enable us to turn our projects into concrete, analysed and measured actions** so that our long-term success increasingly depends on a responsible approach in the interest of all our stakeholders.

In our production sites, **we are progressively implementing environmental (ISO 14001) and energy (ISO 50001) safety systems**, both to respond to the evolution of technical and regulatory requirements, and to implement the systematic collection of indicators preparatory to the definition of improvement plans, such as the control of the qualitative parameters of our atmospheric emissions, in line with the legislative requirements of the countries where our production sites are located.

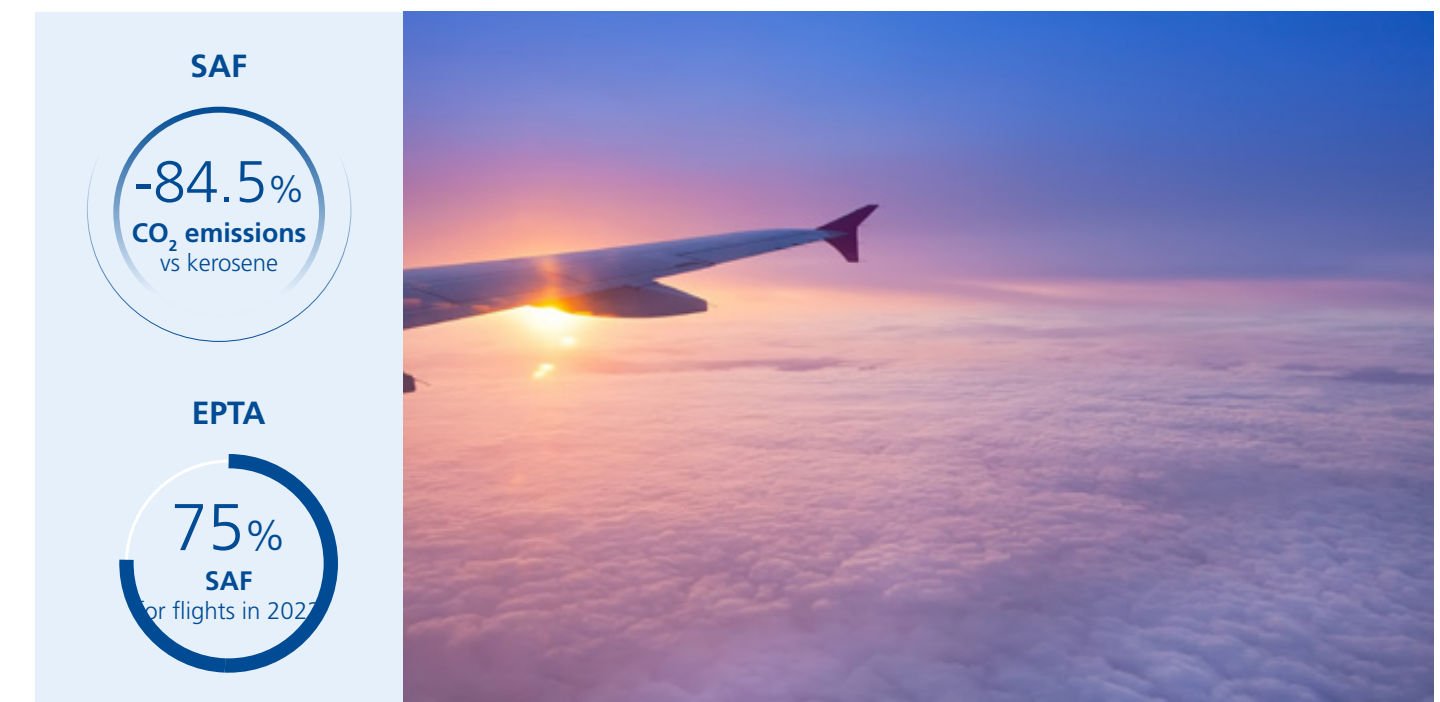
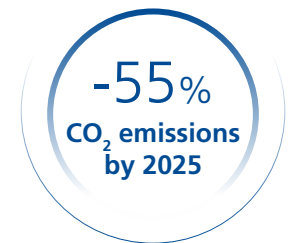


We are ambitious, which is why we have launched **a specific project to mitigate and reduce our carbon footprint**: we want to reduce CO<sub>2</sub> emissions at our production sites by more than 55% by 2025, thus meeting the 2030 Agenda target five years ahead of schedule.

We have also activated some **emission offsetting projects with reforestation activities** both in Italy and abroad.

In order to make our mobility increasingly sustainable, **we are gradually adding electric and/or hybrid vehicles to the company pool**.

As of 2021, we **have been partnered with Air France-KLM's programme, which provides for the use of the SAF (Sustainable Aviation Fuel) for all staff business flights on the routes covered by the Franco-Dutch company**; this fuel has a low environmental impact, and makes it possible to reduce CO<sub>2</sub> emissions compared to the use of a conventional solution, in whose production and development we participate through an economic contribution.



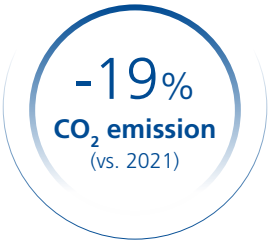
Energy consumption

The use of energy is indispensable for the operation of our production facilities and is also the main cause of greenhouse gas emissions: we are therefore committed to maximizing the efficiency of its consumption and contributing to the reduction of CO<sub>2</sub> emissions.

We are aware that companies have a decisive role to play in the fight against climate change, even and especially in complex times such as the ones we are currently experiencing, characterized by the difficulty in finding these utilities (electricity and gas) and also considering the volatility of prices. The path the Company has taken is to adopt increasingly efficient production processes while ensuring economically sustainable operations.

However, we are also moving towards **a more conscientious supply from certified renewable sources**, as well as setting up a programme to progressively increase self-production of energy through the installation of photovoltaic systems. All this is done while monitoring the amount of CO<sub>2</sub> that our plants emit and comparing it with our benchmark indicators to periodically assess the achievement of our targets.

Last, but certainly not least, we pursue with determination the **search for solutions to improve energy efficiency** also by applying new technologies referring to smart factory logics, for a constant monitoring of our utilities that allows us to decide, based on production needs, which activities are preparatory to the achievement of our continuous improvement objectives.



Photovoltaic plant in Limana (Belluno) - Italy

The data shown in the following tables refer only to production sites because these are the ones that generate almost all consumption; commercial sites are offices where the presence of staff is limited given the progressive increase in smart working; moreover, water consumption in commercial offices is not always detectable considering that these values (and therefore the related expenses) are already included in many rents.

EMISSIONS	2022 ton CO <sub>2</sub>	2021 ton CO <sub>2</sub>	2020 ton CO <sub>2</sub>
Scope 1	8,406.99	8,793.39	8,092.77
Scope 2	13,297.20	18,046.31	15,723.37
Total	21,704.19	26,839.70	23,816.14
Units produced	234,242	215,540	161,245

The emissions covered by Scope 1 are gas and combustion oil. Commonly recognized factors were used for the transformation, namely, the factor 2.022 for gas and the factor 2.54 for combustion oil.

For a more granular analysis of emissions falling under Scope 2 (electricity), the emission factors of the individual countries where the production sites are located were taken into account (compared to the previous Report that considered the parameter set by the European Environment Agency for all).

ENERGY CONSUMPTION	Electricity Gjoule	Gas Gjoule	Oil Gjoule
2022	137,017.35	142,536.81	2,794.38
2021	143,868.00	146,349.27	4,104.24
2020	119,965.29	134,246.41	3,755.73

ENERGY FROM RENEWABLE SOURCES*	KOE/PV	%
2022	19.55	55.74
2021	22.03	37.16
2020	24.75	37.59

(\*) Indicative figure taken from the energy mix communicated by the energy distributors of the individual countries where the production sites are located.

SELF-PRODUCTION FROM PHOTOVOLTAICS	%
2022	6.71
2021	5.90
2020	4.10

## Water consumption

Climate change, with extreme weather phenomena, generates irregular water availability and also calls into question the availability of this resource both quantitatively and over time, especially in areas that are susceptible to high water stress.

Safeguarding this resource - which is increasingly exploited globally - is central to the Company's objectives for sustainable development.

Water is necessary for our production processes and we are aware of its importance as a primary and essential commodity: this is why we are taking action to minimize its wastage and promote its increasingly responsible use, including through training and awareness-raising actions for employees and collaborators.

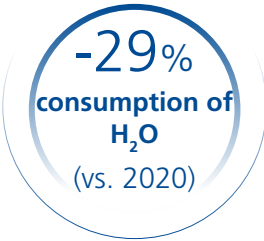
We have initiated a project to progressively install flow meters at production sites which, while allowing us to identify sources of waste, will also allow us to obtain consolidated data for an increasingly precise water balance.

In water management, as in all our production processes, we strive for the rationing of its use: we adopt closed-loop systems on all plants that require massive use (e.g. for painting and glass grinding) so as to eliminate any waste.

We also apply purification systems, thus preventing any possible form of contamination, safeguarding biodiversity and protecting ecosystems.

WATER RESOURCES	Production pcs.	Consumption m³	lt/pcs.
2022	234,242	114,054	0.48
2021	215,540	106,940	0.50
2020	161,245	109,332	0.67

Note: the data refer to production sites because commercial offices have a low resource consumption; the reference areas are not subject to water stress.



## Waste

Waste management is a global problem with significant cost implications for our business. In fact, Epta's specific production cycle results in the generation of significant amounts of waste material.

Aware of our responsibility to protect the planet and supported by the application of an environmental management system in accordance with the international standard ISO 14001, we are committed to efficient waste management.

Consistent with what we do in new product development, we also apply a circular economy vision in our production plants, that includes waste materials as a valuable resource that must retain its value for as long as possible.

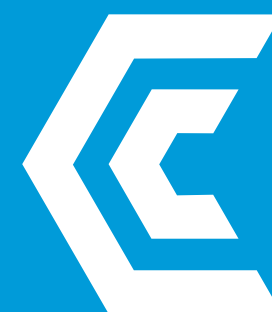
We apply the waste management hierarchy, prioritizing prevention, reduction, reuse and recycling in our operations with results that lead us to recycling over 92% of the waste we produce, thus creating a green circular economy.



WASTE MANAGEMENT	Recycled t	Disposed t	Ratio	Hazardous <sup>(1)</sup> t
2022	10,547.50	879.47	7.68	487.81
2021	11,215.80	896.53	7.40	265.81
2020	8,557.47	746.18	8.02	165.74

Note: the data refer to production sites as commercial offices generate small quantities of waste that can be classified as similar to urban waste.

(1): hazardous waste can be either recycled or disposed of, but this further subdivision is not tracked.



# CONSOLIDATED FINANCIAL STATEMENTS

## 4. EPTA GROUP CONSOLIDATED FINANCIAL STATEMENTS

4.1 Financial Statements

4.2 Notes to the Consolidated Financial Statements

## 4.1

# Financial Statements

### Statement of financial position assets

Amounts in Euro thousands

Assets	Notes	31.12.2022	31.12.2021	Change
Property, plant and equipment	1	186,930	181,075	5,855
Right of use	2	23,996	24,815	(819)
Property investments	3	1,450	1,450	-
Goodwill and other intangible assets with indefinite life	4	67,342	67,236	105
Intangible assets	5	10,800	9,192	1,609
Investments	6	344	283	61
Other non-current assets	7	92	584	(492)
Deferred tax assets	8	32,345	25,666	6,679
Derivative financial instruments	9	1,148	-	1,148
Other non-current financial assets	10	1,043	1,643	(600)
<b>Total non-current assets</b>		<b>325,491</b>	<b>311,945</b>	<b>13,546</b>
Inventories	11	272,670	233,996	38,674
Trade receivables	12	346,053	276,741	69,312
Other current financial assets	13	17,724	19,437	(1,713)
Tax receivables	14	14,487	14,349	138
Other receivables and other current assets	15	25,156	17,443	7,713
Derivative financial instruments	16	1,466	-	1,466
Cash and cash equivalents and short-term deposits	17	114,237	123,348	(9,111)
<b>Total current assets</b>		<b>791,793</b>	<b>685,313</b>	<b>106,479</b>
<b>Total assets</b>		<b>1,117,284</b>	<b>997,258</b>	<b>120,026</b>

### Statement of Financial Position - Liabilities

Amounts in Euro thousands

Liabilities	Notes	31.12.2022	31.12.2021	Change
Share capital		68,998	68,998	-
Reserves		38,607	34,178	4,429
Other reserves and reserves for undivided profits		228,503	198,400	30,103
Result attributable to the Group		49,921	60,950	(11,029)
Minorities equity		294	362	(68)
<b>Total shareholders' equity</b>	<b>18</b>	<b>386,323</b>	<b>362,888</b>	<b>23,435</b>
Medium/long-term financial payables	19	131,152	124,852	6,300
Derivative financial instruments	20	-	68	(68)
Liabilities for employee benefits	21	24,704	29,562	(4,857)
Provisions for risks and charges	22	19,727	17,437	2,290
Deferred tax liabilities	23	16,165	15,333	832
Other non-current liabilities	24	1,431	1,756	(326)
<b>Total non-current liabilities</b>		<b>193,178</b>	<b>189,007</b>	<b>4,171</b>
Short-term financial payables	25	171,143	76,421	94,721
Trade payables	26	236,242	237,899	(1,657)
Tax payables	27	31,246	32,895	(1,649)
Other current liabilities	28	99,153	98,148	1,005
<b>Total current liabilities</b>		<b>537,783</b>	<b>445,363</b>	<b>92,420</b>
<b>Total liabilities</b>		<b>730,961</b>	<b>634,370</b>	<b>96,591</b>
<b>Total shareholders' equity and liabilities</b>		<b>1,117,284</b>	<b>997,258</b>	<b>120,026</b>

## Income Statement

Amounts in Euro thousands

	Notes	31.12.2022	31.12.2021	Change
Revenues from sales and services	29	1,333,828	1,177,199	156,629
Other revenues and income	30	33,721	22,125	11,596
<b>Total revenues</b>		<b>1,367,548</b>	<b>1,199,323</b>	<b>168,225</b>
Costs for raw and ancillary materials, consumables and goods	31	(605,154)	(506,094)	(99,059)
Costs for services	32	(309,540)	(255,810)	(53,730)
Personnel costs	33	(324,553)	(299,139)	(25,414)
Amortization/depreciation	34	(39,513)	(36,365)	(3,148)
(Provisions) Releases	35	(834)	(1,866)	1,033
Other operating costs	36	(9,416)	(7,302)	(2,114)
<b>Operating costs</b>		<b>(1,289,010)</b>	<b>(1,106,576)</b>	<b>(182,433)</b>
<b>Operating result</b>		<b>78,539</b>	<b>92,747</b>	<b>(14,208)</b>
Financial income	37	642	619	24
Financial expenses	38	(9,182)	(4,289)	(4,893)
Foreign exchange gains and losses	39	(4,517)	(1,411)	(3,106)
<b>Total financial income and expense + (-)</b>		<b>(13,056)</b>	<b>(5,081)</b>	<b>(7,975)</b>
<b>RESULT BEFORE TAXES + (-)</b>		<b>65,483</b>	<b>87,666</b>	<b>(22,184)</b>
Income taxes	40	(15,465)	(26,559)	11,093
<b>Net result</b>		<b>50,017</b>	<b>61,108</b>	<b>(11,090)</b>
Minority share		96	158	(62)
<b>RESULT ATTRIBUTABLE TO THE GROUP</b>		<b>49,921</b>	<b>60,950</b>	<b>(11,029)</b>

## Statement of comprehensive income

Amounts in Euro thousands

	Notes	31.12.2022	31.12.2021
<b>Total net result (A)</b>		<b>50,017</b>	<b>61,108</b>
Change in Cash Flow Hedge reserve	18	619	207
Change in translation reserve	18	(4,240)	4,779
<b>Total other gains/(losses) to be subsequently reclassified to net result for the period, net of tax effects (B1)</b>		<b>(3,621)</b>	<b>4,986</b>
Actuarial gains/losses on defined benefit plans	18	2,339	3,481
Actuarial gains/losses on stock grants	18	1,123	-
Change in fair value reserve Land and Buildings	1	4,107	3,321
<b>Total other income/(loss) not subsequently reclassified to net result for the period, net of tax (B2)</b>		<b>7,569</b>	<b>6,802</b>
<b>Total other gains/(losses) net of the tax effect (B)</b>		<b>3,948</b>	<b>11,788</b>
<b>Total comprehensive profit/loss (A) + (B)</b>		<b>53,966</b>	<b>72,896</b>
Minority share		96	158
<b>Result attributable to the Group</b>		<b>53,869</b>	<b>72,738</b>

## Cash flow statement

Amounts in Euro thousands

	At 31 December 2022	At 31 December 2021
Result of the year	50,017	61,108
Taxes for the year	15,466	26,543
Amortization/depreciation	39,513	36,365
Financial expenses	9,182	4,289
Financial income	(642)	(619)
Non-recurring (income)/expenses	-	-
Provisions and releases	834	1,866
<b>Cash flow from/(used in) operating activities before changes in net working capital</b>	<b>114,370</b>	<b>129,552</b>
(Increase)/Decrease in inventories	(38,674)	(74,131)
(Increase)/Decrease in current receivables	(65,178)	(46,652)
Increase/(Decrease) in payables to suppliers	(1,657)	58,913
(Increase)/Decrease in other assets	(7,710)	(1,439)
Increase/(Decrease) in other liabilities	(5,236)	29,243
Increase/(Decrease) in liabilities for employee benefits	(5,025)	(8,520)
Increase/(Decrease) in provisions for risks and charges	(2,678)	1,033
<b>Cash flow generated/(absorbed) by assets and liabilities</b>	<b>(11,788)</b>	<b>88,000</b>
Taxes paid	(15,617)	(13,465)
<b>A. CASH FLOW GENERATED/(ABSORBED) BY OPERATING ACTIVITIES</b>	<b>(27,405)</b>	<b>74,535</b>
Property, plant and equipment	(28,027)	(15,621)
Other changes in tangible assets	-	(4,408)
Intangible assets	(3,564)	(2,821)
Other changes in intangible assets	-	3,284
Equity investments in associated companies	-	-
Acquisitions/disposals net of cash acquired/sold	-	(4,550)
Assets available for sale	-	-
<b>B. CASH FLOW GENERATED/(ABSORBED) BY INVESTING ACTIVITIES</b>	<b>(31,591)</b>	<b>(24,116)</b>
Exchange rate differences from the translation of financial statements in foreign currency	92	12,309
Derivative financial instruments	(2,614)	-
Change in current payables to banks and other lenders	74,601	(36,125)
Change in non-current payables to banks and other lenders	7,488	(34,811)
Financial assets	684	(19,437)
Changes in shareholders' equity	-	-
Bond Issues	-	-
Dividends distributed by the parent company	(30,367)	(22,943)
<b>C. CASH FLOW GENERATED/(ABSORBED) BY FINANCING ACTIVITIES</b>	<b>49,884</b>	<b>(101,007)</b>
<b>Opening cash and cash equivalents</b>	<b>123,349</b>	<b>173,937</b>
Net cash flow generated/(absorbed) by operating activities (A)	(27,405)	74,535
Net cash flow generated/(absorbed) by investing activities (B)	(31,591)	(24,116)
Net cash flow generated/(absorbed) by financing activities (C)	49,884	(101,007)
<b>Total change in cash and cash equivalents (A)+(B)+(C)</b>	<b>(50,588)</b>	<b>(50,588)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>114,237</b>	<b>123,349</b>

## Changes in shareholders' equity

Amounts in Euro thousands

	Capital	Revaluation reserve	Legal reserve	Statutory reserve for the purchase of treasury shares	Treasury shares reserve	Extraordinary reserve	Fair Value Reserve for Land and Buildings	Cash flow hedge	Reserves for employee benefits	Stock grant reserves	Translation reserve and retained earnings	Result of the year	Shareholders' equity of the group	Capital and reserves of third parties	Total shareholders' equity
<b>Financial Statements at 31 December 2020</b>	<b>68,998</b>	<b>22,454</b>	<b>13,800</b>	<b>4,476</b>	<b>(5,598)</b>	<b>7,810</b>	<b>35,144</b>	<b>(177)</b>	<b>(9,749)</b>	<b>-</b>	<b>156,156</b>	<b>19,417</b>	<b>312,732</b>	<b>522</b>	<b>313,254</b>
Result allocation						14,178					5,239	(19,417)	-		-
Sale of treasury shares													-		-
Dividends				(955)		(21,988)							(22,943)		(22,943)
Repayment of reserves													-		-
Difference in conversion											4,779		4,779	(318)	4,461
Acquisition of minority interests													-		-
Other components of the comprehensive income statement							3,321	207	3,481				7,009		7,009
Result of the year												60,950	60,950	158	61,108
<b>Financial Statements at 31 December 2021</b>	<b>68,998</b>	<b>22,454</b>	<b>13,800</b>	<b>3,521</b>	<b>(5,598)</b>	<b>-</b>	<b>38,465</b>	<b>30</b>	<b>(6,268)</b>	<b>-</b>	<b>166,174</b>	<b>60,950</b>	<b>362,526</b>	<b>362</b>	<b>362,888</b>
Result allocation						42,076					18,874	(60,950)	-		-
Dividends						(30,367)							(30,367)		(30,367)
Conversion difference											(4,240)		(4,240)	(164)	(4,404)
Other components of the comprehensive income statement							4,107	619	2,339	1,123			8,188		8,188
Result of the year												49,921	49,921	96	50,017
<b>Financial Statements at 31 December 2022</b>	<b>68,998</b>	<b>22,454</b>	<b>13,800</b>	<b>3,521</b>	<b>(5,598)</b>	<b>11,709</b>	<b>42,572</b>	<b>649</b>	<b>(3,929)</b>	<b>1,123</b>	<b>180,808</b>	<b>49,921</b>	<b>386,029</b>	<b>294</b>	<b>386,323</b>

## 4.2

# Notes to the Consolidated Financial Statements

## Company information

Publication of the consolidated financial statements of Epta S.p.A. (hereinafter also referred to as the "Epta Group" or the "Group") for the year ended 31 December 2022 was authorized by the Board of Directors on 24 February 2023. The activities of the Parent Company and its subsidiaries are described in the Directors' Report on Operations.

## Basis of preparation

The consolidated financial statements of the Epta Group, consisting of the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in shareholders' equity and the related notes, have been prepared in accordance with the International Financial Reporting Standards (hereinafter also referred to as IAS/IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union.

IAS/IFRS also include all International Accounting Standards ("IAS") still in force and all interpretations issued by the IFRS Interpretation Committee, previously known as the International Financial Reporting Interpretations Committee ("IFRIC"), and before that the Standard Interpretations Committee ("SIC").

The consolidated financial statements have been prepared under the historical cost convention, except for investment properties, land and buildings (classified under property, plant and equipment), financial instruments, derivative financial instruments and contingent consideration arising from business combinations, which are recorded at fair value. The book value of liabilities that are subject to fair value hedging transactions and would otherwise be recorded at amortized cost, is adjusted to take account of changes in the fair value attributable to the hedged risks.

Moreover, the consolidated financial statements have been prepared by the Parent Company's Directors on a going concern basis, in accordance with paragraphs 25 and 26 of IAS 1, having verified that there are no material uncertainties regarding the Company's ability to meet its obligations in the foreseeable future.

Risks and uncertainties related to business activities are described in the appropriate section of the Report on Operations.

Unless otherwise indicated, the amounts shown in these consolidated financial statements and the related notes are expressed in Euro thousands, given their significance.

## Financial Statements

The Group presents the income statement classified by nature.  
The balance sheet is classified on a current/non-current basis.

An asset is current when:

- › it is expected to be realized, or is held for sale or consumption, in the normal course of the operating cycle;
- › it is held mainly for the purpose of its negotiation;
- › it is expected to be realized within twelve months of the closing date of the year;
- › it consists of cash or cash equivalents unless it is forbidden to exchange it or use it to settle a liability for at least twelve months from the closing date of the financial year.

All other assets are classified as non-current.

A liability is current when:

- › it is expected to be settled in its normal operating cycle;
- › it is held mainly for the purpose of its negotiation;
- › it must be settled within twelve months of the closing date of the year; or
- › the entity does not have an unconditional right to defer settlement of the liability for at least twelve months of the closing date of the year.

The Group classifies all other liabilities as non-current.

It is believed that this representation best reflects the elements that determined the Group's operating results, as well as its financial and asset structure.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The components of the statement of comprehensive income are grouped on the basis of whether or not they will be reflected in the income statement in the future.

The cash flow statement has been prepared on the basis of the indirect method, and is presented in accordance with IAS 7, classifying cash flows between operating, investing and financing activities.

## Scope of consolidation

The companies included in the scope of consolidation and the related consolidation method are shown in Annex 1 to the Notes.

During 2022, the composition of the Group changed as follows:

- › establishment of Epta Vietnam Company Limited, a company set up to serve the local market.

## Consolidation principles

The consolidated financial statements include the financial statements of the Parent Company, Epta S.p.A., and of the companies over which the Parent Company exercises control, directly or indirectly, from the date on which it takes control until the moment when such control ceases to exist.

As defined by IFRS 10, control exists when the Group has simultaneously:

- power over the entity being invested in;
- exposure or rights to variable returns arising from the relation with the entity of the investment;
- ability to exercise its power on the entity of the investment to affect the amount of its returns.

There is a presumption that a majority of the voting rights results in control, however to support this presumption and when the Group holds less than a majority of the voting rights (or similar rights), management considers all relevant facts and circumstances to determine whether it controls the investee entity, including:

- contractual agreements with other holders of voting rights;
- rights deriving from contractual agreements;
- voting rights and potential voting rights of the Group.

The Group reconsiders whether or not it has control of an investee whenever circumstances indicate that there have been changes in one or more of the three elements relevant to the definition of control above.

The consolidation of a subsidiary begins when the Group obtains control and ceases when it loses control. Therefore, the assets, liabilities, revenues and costs of the subsidiary acquired or sold during the year are included in the consolidated financial statements from the date on which the Group obtains control until the date on which such control ceases.

Profit or loss for the year and each of the other components of comprehensive income are allocated to the Parent Company and to minorities, even if this means that minority interests have a negative balance.

When necessary, appropriate adjustments are made to the Financial Statements of the subsidiaries, in order to ensure compliance with the Group's accounting standards.

Changes in ownership interests in a subsidiary that do not result in the acquisition or loss of control are accounted for in equity.

If the Group loses control of a subsidiary, it eliminates the related assets (including goodwill), liabilities, minority interests and other components of shareholders' equity, and any resulting gain or loss is recognized in the income statement, together with any suspended effects deriving from previous consolidation.

Any minority interest retained must be recognized at fair value.

## Elimination between companies included in the scope of consolidation

In preparing the consolidated financial statements, profits not yet realized from transactions between Group companies are eliminated, as are items giving rise to payables and receivables, costs and revenues between companies included in the scope of consolidation. Unrealized profits generated by transactions with associates are eliminated in proportion to the value of the Group's shareholding in those companies.

## Foreign currency transactions

All transactions are accounted for in the functional currency in which each Group company operates. Transactions carried out in currencies other than the functional currency of Group companies are converted into the same on the basis of the exchange rate on the date of the transaction. Monetary assets and liabilities (defined as assets or liabilities held to be collected or paid, the amount of which is fixed or determinable - IAS 21) are converted at the exchange rate on the reporting date; exchange rate differences are recorded in the Income Statement. Non-monetary assets and liabilities, which are measured at historical cost in foreign currencies, are translated at the historical exchange rate on the date of the transaction. Non-monetary assets and liabilities, which are measured at fair value in a foreign currency, are translated at the exchange rate in effect on the date the fair value is determined.

## Conversion of financial statements into foreign currencies

The financial statements of companies whose functional currency is different from the currency in which the consolidated financial statements are presented (Euro) and which do not operate in countries with hyper-inflationary economies, are converted as follows:

- assets and liabilities, including goodwill and fair value adjustments arising from the consolidation process, are translated at the exchange rates prevailing on the reporting date;
- revenues and costs are translated at the average exchange rate for the period, considered as an exchange rate that approximates to the rate prevailing on the dates when the individual transactions took place;
- Monetary assets and liabilities are translated at the exchange rate on the reporting date;
- Non-monetary assets and liabilities, which are measured at historical cost in foreign currencies, are translated at the historical exchange rate on the date of the transaction;
- exchange rate differences arising from the conversion process are recorded in a specific equity reserve.

In addition, at 1 January 2018, the Group with respect to the activities of its subsidiary Epta Argentina, applies "IAS 29 - Financial reporting in hyper-inflationary economies". This principle applies to the financial statements of companies whose functional currency is the currency of a hyper-inflationary economy and essentially defines the criteria for measurement and presentation in the case of hyper-inflationary economies. In these circumstances, in order to reflect the loss of purchasing power of the functional currency in the financial statements, non-monetary items, shareholders' equity and those deriving from any contracts with clauses indexing to inflation, are remeasured, within the limits of their recoverable value, by applying an inflation index that reflects the general price trend during the period of hyper-inflation.

In addition, financial statements are translated into the functional currency of the consolidated financial statements by also converting non-monetary items and the income statement for the year at the exchange rate at the reporting date.

The exchange rates used to translate the financial statements of the main subsidiaries whose functional currency is different from the Euro are as follows:

	Arab Em. Dirham	Argentine Pesos	Australian Dollar	Switzerland Franc	Chile Pesos	Chinese Yuan	Colombian Pesos	Colon Costa Rica
	AED	ARS	AUD	CHF	CLP	CNY	COP	CRC
31.12.2022	3.92	188.50	1.57	0.98	914.08	7.36	5,181.35	631.31
Av. 2022	3.87	136.39	1.52	1.01	918.27	7.08	4,464.29	677.51
31.12.2021	4.16	116.36	1.56	1.03	964.32	7.19	4,608.29	727.27

	Danish Krone	British Pound	Quetzal guatem.	Mexican Pesos	Malaysian Ringgit	Norway Krone	Nuevo Sol	Philippine Peso
	DKK	GBP	GTQ	MXN	MYR	NOK	PEN	PHP
31.12.2022	7.44	0.89	8.37	20.86	4.70	10.51	4.05	59.32
Av. 2022	7.44	0.85	8.14	21.21	4.63	10.11	4.04	57.32
31.12.2021	7.44	0.84	8.74	23.14	4.72	9.99	4.52	57.76

	Polish Zloty	Romanian Lei	Saudi Arab. Riyal	Swedish Krona	Thai Baht	Turkish Lira	Franco CPF
	PLN	LEI	SAR	SEK	THB	TRY	XPF
31.12.2022	4.68	4.95	4.00	11.12	36.84	19.96	1.07
Av. 2022	4.69	4.91	3.96	10.63	36.85	17.37	1.05
31.12.2021	4.60	4.95	4.25	10.25	37.65	15.23	1.13

(\*) - In a hyper-inflationary economy, the income statement for the year is converted at the year-end exchange rate.

## Relevant applicable accounting standards

### General notes

The accounting standards adopted for the preparation of the Group's consolidated financial statements are consistent with those followed for the preparation of the prior year's financial statements, except for newly issued ones applicable from 1 January 2022 indicated below.

### Business combinations

Business combinations are recognized in the financial statements in the following cases:

- › the consideration transferred for the purchase of the equity investment is determined on the basis of the fair value of the assets transferred, the liabilities assumed, or the shares given to the seller to obtain control;
- › the determination of the values of the assets and liabilities of the acquired company is carried out on a provisional basis until the activities to determine the fair values of the assets and liabilities are completed. In any event, these activities must be completed within 12 months of the acquisition, whereby the latter are counted from the date on which the acquisition took place and recorded for the first time. If, during the period in which the allocation is made on a provisional basis, values differ from those initially booked as a result of new information on facts and circumstances that existed at the date of acquisition, the values recorded are adjusted retroactively;
- › ancillary expenses for business combinations are posted to the income statement in the period in which they are incurred;
- › if the agreement with the seller envisages a price adjustment that varies according to the profitability of the business acquired, over a defined time period or at a pre-established future date (earn-out), the adjustment is included in the purchase price from the date of acquisition and is measured at fair value at the date of acquisition;
- › on the date of purchase, the assets and liabilities, including potential ones, of the acquired company are recorded at their fair value on that date. In determining the value of such assets, the potential tax benefits applicable to the jurisdiction to which the acquired asset belongs are also considered;
- › when the values of the assets, liabilities and contingent liabilities recorded differ from the corresponding values relevant for tax purposes at the date of purchase, deferred tax assets or liabilities are recorded;
- › any residual difference between the consideration transferred for the purchase of the equity investment and the corresponding portion of the net assets acquired is posted to goodwill, if positive, or to the income statement if negative;
- › the income components are included in the consolidated financial statements starting from the date control is acquired and up to the date when control is lost.

### Property, plant and equipment

Real estate, consisting of land and buildings used for operating purposes, is initially recognized at purchase or realizable cost, including directly attributable ancillary costs necessary to bring the asset into use for the purpose for which it was purchased, and is subsequently measured at fair value, net of depreciation and impairment losses recognized after the revaluation date. For the purposes of determining fair value, in accordance with IAS 16, the Group uses valuations prepared by leading third party experts. An update shall be conducted on a periodic basis, except in exceptional cases

requiring annual review.

Increases in book value related to the revaluation are recognized in the statement of comprehensive income and accumulated in a dedicated reserve in shareholders' equity net of related deferred taxation. Therefore, following the valuation emerging from the appraisal, in order to adjust the value to the same, accumulated depreciation at the reporting date is eliminated up to the amount of the restated net value of the asset.

Any impairment loss of a revalued asset is recorded in the income statement, for the amount exceeding the reserve for the same asset.

On disposal, the revaluation reserve relating to the asset sold is transferred to retained earnings.

Plant, machinery and other tangible assets are recorded at historical cost, including directly attributable ancillary costs necessary to bring the asset to working condition for the use for which it was purchased. This cost includes the cost of replacing part of the equipment and plant at the time they are incurred if they meet the recognition criteria.

Maintenance and repair costs, which are not likely to enhance and/or extend the residual life of the assets, are entered in the Income Statement for the period in which they are incurred, otherwise they are capitalized.

Depreciation is computed on a straight-line basis over the estimated useful life of the asset for the company, unchanged from the previous year, defined as follows:

	Useful life
Buildings	25-40 years
Lightweight constructions	10 years
Machinery	10 years
Industrial plants and equipment	4/6/10 years
Means of internal handling	5 years
Electronic office machines	5 years
Office furniture	8 years
Leasehold improvements	On the basis of the useful life or, if shorter, on the basis of the contractual duration

The residual value of the asset, useful life and depreciation methods applied are reviewed at the end of each year and adjusted prospectively, if necessary.

If significant parts of these tangible assets have different useful lives, these components are accounted for separately.

The book value of tangible assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If there is any such indication, and where the book value exceeds the estimated realizable value, the assets are written down to reflect their realizable value. Impairment losses are reversed if the reasons for which they were incurred no longer apply.

An asset should be removed from the balance sheet upon disposal or when no future economic benefits are expected from its use. The gain or loss on disposal (calculated as the difference between proceeds and carrying value) is recognized in the income statement in the year the asset is derecognized.

## Leasing and Right of Use

Lease, rental and hire agreements, as of 1 January 2019, are recognized in accordance with IFRS 16, which defines principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for these agreements, whether operating or financial in nature based on a model similar to the financial model previously provided under IAS 17 for finance leases. The standard grants two exemptions for recognition by lessees - leases related to "low value" assets and short-term leases (e.g. leases due within 12 months or less).

At the start date of the lease, a liability for lease payments (lease liability) equal to the present value of the payments taking into account an average borrowing rate and an asset of equal value, representing the right to use the underlying asset for the duration of the contract (right of use of the asset), is recognized. Interest on the lease liability and amortization of the right of use of the asset over the contractual term is charged to the income statement.

Where a re-measurement of the lease liability becomes necessary (e.g. changes in the terms of the contract, changes in future payments or in a rate used to determine payments), the amount of the re-measurement is recognized as an adjustment to the right of use of the asset.

With regard to contracts for which the Group is the lessor (and not the lessee), the recognition method remains essentially unchanged from the previous accounting method in accordance with IAS 17, distinguishing between operating leases and finance leases.

## Property investments

Property investments consist of real estate held for the purpose of earning rentals and/or for capital appreciation and not for use in the production or supply of goods or services or business administration.

Property investments are initially recognized at cost including ancillary acquisition charges and, in line with IAS 40, is subsequently measured at fair value, recognizing in the income statement the effects of changes in the fair value of the property investment in the period in which they occur.

Costs incurred relating to subsequent operations are capitalized on the book value of the property investment only when it is probable that they will produce future economic benefits and their cost can be reliably measured. Other maintenance and repair costs are charged to the income statement when incurred.

Property investments are eliminated from the financial statements when disposed of or when the investment is permanently unusable and no future economic benefits are expected from its disposal. Any gains or losses arising from the withdrawal or disposal of a property investment are recognized in the income statement in the period in which the withdrawal or disposal occurs.

In order to determine fair value, at the date of the financial statements, the Group relies on appraisals prepared by specifically commissioned third-party experts.

## Intangible Assets

Intangible assets are recognized as assets at purchase cost when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be reliably determined. Intangible assets acquired through business

combinations are recorded at fair value as defined at the date of acquisition, if such value can be reliably determined. Intangible assets with definite useful life are amortized on a straight-line basis over their estimated useful life; the useful life is reviewed annually and any changes, where necessary, are made on a prospective basis.

The useful lives of the major classes of intangible assets with definite life are as follows:

	Useful life
Software	3/5 years
Concessions, licenses and trademarks	3/5 years
Development costs	3/5/7 years

Research costs are charged to the income statement in the period in which they are incurred.

Development costs incurred in connection with certain projects are capitalized only when the Group can demonstrate the technical feasibility of completing the intangible asset so as to make it available for use or sale, its intention to complete the asset for use or sale, the manner in which it will generate probable future economic benefits, the availability of technical, financial or other resources to complete the development and its ability to reliably estimate the cost attributable to the asset during its development.

During the development period, the asset is reviewed annually for impairment. Subsequent to initial recognition, development costs are measured at cost less accumulated amortization or accumulated loss. Amortization starts once development has been completed and the asset is available for use. The cost is amortized with reference to the period over which the related project is expected to generate revenue for the Group. During the period when the asset is not yet in use, the cost incurred will be reviewed annually for impairment.

The IFRIC Decision published in April 2021 concluded that generally the contractual type of SAAS only grants the right to access the supplier's software. In practical terms, with few exceptions, the user does not have control over the resource nor is it an intangible asset, and therefore this type of contract does not fall within the scope of IFRS 16 (leases) or IAS 38 (intangible assets), but must be considered a pure service contract to be accounted for over time. Similar considerations must be made about implementation and customization activities.

The identification of contractual types falling within the scope of IAS 38 or IFRS 16, is to be considered of a non-usual nature, and therefore will have to be adequately supported and justified by both technical (the responsibility of the IT department) and accounting (the responsibility of the AFC) elements.

## Impairment of non-current assets

The book value of non-current assets is tested for impairment. The recoverability of the book value is verified by comparing the book value with the recoverable value, which is the greater of its fair value less costs to sell and its value in use.

The fair value, less costs to sell, is based on available data from recent transactions and/or market information, less increased costs related to the disposal of the asset. The calculation of value in use is based on a discounted cash flow model

The main assumptions used to calculate value in use regard the discount rate, the growth rate, and the forecast of operating cash flows; the latter are derived from the strategic plan approved by the Parent Company's Board of Directors and determine the terminal value (present value of the perpetual annuity).

When the book value of a non-current asset is impaired, the Group recognizes an impairment loss for the amount by which the book value of the asset exceeds its recoverable amount through use or sale. Subsequently, if the conditions that led to the loss in value cease to exist, the book value of the asset is increased up to the new estimate of its recoverable value, within the limit of previous write-downs.

The impairment test was approved by the Board of Directors of the Parent Company on 24 February 2023.

## Equity investments in associated companies

An associate is a company over which the Group exercises significant influence. Significant influence is the power to participate in determining the financial and operating policies of the investee.

The considerations made in determining significant influence are similar to those needed to determine control.

Investments of the Group in associated companies are measured using the equity method. With the equity method, the investment in an associated company is initially recorded at cost. The book value of the investment is increased or decreased to recognize the investor's share of the profits and losses of the investee realized after the acquisition date. Any goodwill relating to the associate is included in the book value of the investment and is not subject to a separate impairment test.

The income statement for the year reflects the Group's portion of the operating result of the associated company. Any change in the other components of the comprehensive income statement relating to these investee companies is presented as part of the Group's comprehensive income statement. Furthermore, in the event that an associated company recognizes a change directly attributable to shareholders' equity, the Group recognizes its portion, where applicable, in the statement of changes in equity.

The aggregate portion attributable to the Group of the result for the year of associated companies is shown in the consolidated income statement for the year after the operating result and represents the result net of taxes and of the portions of the other shareholders of the associate.

After applying the equity method, the Group assesses whether it is necessary to recognize an impairment loss of its investment in the associated companies. At each reporting date, the Group assesses whether there is objective evidence of an impairment loss of the associated companies. In this case, the Group calculates the amount of the loss as the difference between the recoverable value of the associated company and its book value in its consolidated financial statements, recording this difference in the income statement under the item "share of result of associated companies".

Upon loss of significant influence over an associated company, the Group assesses and recognizes the residual shareholding at fair value. Should the significant influence cease to exist, the difference between the book value of the equity investment and its residual fair value is posted to the income statement.

## Financial instruments

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

### Initial recognition and valuation

Upon initial recognition, financial assets are classified according to the subsequent method of measurement, i.e. at amortized cost and at fair value in the income statement, as appropriate.

The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets and the business model that Epta uses to manage them. With the exception of trade receivables that are measured at the transaction price determined in accordance with IFRS 15, Epta initially measures a financial asset at its fair value.

### Subsequent valuation

For the purposes of subsequent valuation, financial assets are classified as follows:

- › financial assets at amortized cost (debt instruments);
- › financial assets at fair value in the income statement;
- › financial assets at fair value recognized in profit (loss) for the year.

### Financial assets at amortized cost (debt instruments)

This category is the most relevant to Epta. The Group measures financial assets at amortized cost if both of the following requirements are met:

- › the financial asset is held as part of a business model whose objective is to hold financial assets for the purpose of collecting contractual cash flows;
- and
- › the contractual terms of the financial asset provide for cash flows at certain dates represented solely by payments of principal and interest on the amount of principal to be repaid.

Financial assets at amortized cost are subsequently valued using the effective interest criterion and are subject to impairment. Gains and losses are recognized in the income statement when the asset is derecognized, modified or revalued.

## Financial assets at fair value in the comprehensive income statement

The asset is owned under a business model whose objective is achieved both by raising contractual cash flows and by selling the asset; and (ii) the contractual terms of the asset provide for cash flows represented solely by payments of principal and interest on the amount of principal to be repaid.

These assets are initially recognized in the financial statements at their fair value increased by any accessory costs directly attributable to the transactions that generated them. In the subsequent measurement, the valuation made at the time of recognition is updated and any changes in fair value are recognized in the comprehensive income statement.

### Financial assets at fair value in the income statement

Financial assets that are not classified in any of the previous categories (residual category) are classified in this category.

The assets belonging to this category are recognized at fair value at the time of their initial recognition. The ancillary costs incurred when recording the asset are immediately recognized in the consolidated income statement. In the subsequent measurement, FVPL financial assets are measured at fair value.

## Inventories

Inventories are valued at the lower of purchase cost (determined using the weighted average cost method) and/or production cost, and realizable value.

The purchase cost includes ancillary expenses relating to purchases during the year. The production cost includes directly attributable costs and a portion of indirect costs, reasonably attributable to the products.

Net estimated realizable value consists of the estimated selling price less estimated completion costs and estimated costs to make the sale.

The agreed fees, if expressed in foreign currency, are calculated taking into account the exchange rates with which any foreign currency hedges have been carried out or, if not, at the year-end exchange rate; the same method is applied for costs expressed in foreign currency.

## Cash and cash equivalents

Cash and cash equivalents and short-term deposits include cash on hand and demand and short-term deposits and are liquid in 90 days. Cash and cash equivalents are recorded in the financial statements at nominal value and at year-end exchange rates if denominated in foreign currency.

## Share capital

Share capital is recorded at nominal value. Dividends paid to shareholders are recorded as a liability in the period in which they are approved.

## Treasury shares

Treasury shares are recorded at cost and deducted from shareholders' equity. The purchase, sale or cancellation of treasury shares does not give rise to any profit or loss in the income statement. The difference between the purchase value and the consideration, in the event of re-issue, is recorded in the share premium reserve. If share options are exercised during the period, they are satisfied with treasury shares.

## Provisions for risks and charges

Allocations to Provisions for risks and charges are made when the Group must fulfil a current obligation (legal or implicit) arising from a past event, when an outflow of resources in order to fulfil this obligation is probable and it is possible to make a reliable estimate of its amount. When the Group considers that a provision for risks and charges will be partly or fully reimbursed, for example in the case of risks covered by insurance policies, the indemnity is recognized separately as an asset when, and only when, collection is practically certain. In this case, the cost of the provision, if any, is presented in the income statement net of the amount recognized for compensation.

If the effect of the time value of money is significant, provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the specific risks of the liabilities. When the liability is discounted, the increase in the provision due to the passage of time is recognized as a financial expense.

### Product warranty provision

The provision for warranty service costs is recognized when the product is sold or the service is rendered to the customer. Initial recognition is based on historical experience. The initial cost estimate for warranty work is reviewed annually.

### Customer supplementary indemnity provision

The Customer supplementary indemnity provision includes allocations made for the payment of termination indemnities which, on the occurrence of the conditions laid down in article 1751 of the Italian Civil Code, as applied by current Collective Bargaining Agreements, must be paid to agents.

On an annual basis, the Parent Company estimates the indemnities pertaining to agents using actuarial techniques and taking into account the probability of payment of the indemnities and expectations regarding the time of disbursement. On an annual basis, the Group evaluates the Customer supplementary indemnity provision on an actuarial basis, taking into account all financial and probabilistic components to which the calculation is subject, with actuarial gains and losses charged to the income statement.

### Provision for dismantling costs

The provision for decommissioning and remediation costs is allocated based on the present value of the expected costs to settle the bond, using estimated cash flows and a pre-tax discount rate that reflects the specific risks associated with the dismantling liability and entail a corresponding increase in the cost of the asset item to which they relate. The estimate of future dismantling and remediation costs is reviewed periodically to account for factors that may significantly affect the valuation.

## Liabilities for employee benefits

Post-employment benefits are defined on the basis of plans which, according to their characteristics, are divided into defined-contribution plans and defined-benefit plans.

In the defined benefit plans, mainly represented by the Employee Severance Indemnity in Italy and pension funds in the United Kingdom, France and Germany, the amount recorded as a liability is equal to: (a) the present value of the defined benefit obligation at the reporting date; (b) plus any actuarial gains (less any actuarial losses); (c) less any past service costs not yet recognized; (d) less the fair value at the reporting date of plan assets (in the United Kingdom) out of which the obligations are to be settled directly. In defined benefit plans, the cost charged to the income statement is equal to the algebraic sum of the following elements: (a) the pension cost related to current employment; (b) the financial expenses arising from the increase in the liability as a result of the passage of time; (c) the expected return on any plan assets; (d) the pension cost related to past employment; and (e) the effect of any curtailments or settlements of the plan.

Actuarial gains and losses are recognized in other comprehensive income statement. All net interest expense on defined benefit plans is recognized in financial income (expense) in the income statement.

## Financial liabilities

Financial liabilities include financial payables, lease payables and trade payables.

Financial payables are initially recognized at fair value less directly attributable transaction costs. Lease payables are initially recognized at the fair value of the capital goods covered by the contract, or, if lower, at the present value of the minimum payments due.

After initial entry, financial liabilities are valued at amortized cost; the difference between the initial entry value and the redemption value is posted to the income statement using the effective interest rate method.

Financial liabilities are derecognized when the obligation underlying the liability is discharged, cancelled or fulfilled.

## Trade and other payables

Trade and other payables, whose due date falls within normal commercial terms typically within 12 months, are not discounted and are recorded at fair value (transaction cost). Subsequently, they are stated at amortized cost.

## Revenues

### Revenues from contracts with customers

The Group is engaged in providing commercial refrigeration equipment and related installation services.

### Sale of goods

Revenue from the sale of assets is recognized when control of the asset passes to the customer, based on contractually identified return specifications.

The Group considers whether there are other promises in the contract that represent obligations to do on which a portion of the transaction consideration must be allocated (e.g. installation, warranties).

In determining the price of the asset sale transaction, the Group considers the effects of the presence of variable consideration, significant financing components, non-cash consideration and consideration payable to the customer (if any).

Variable fee

If the consideration promised in the contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the assets to the customer based on available information.

Variable consideration is valued at the time the contract is entered into and is not recognized until deemed highly probable.

Some contracts for the sale of goods provide customers with a right of return and volume discounts.

Return fees and volume discounts give rise to variable fees that therefore require revenue to be adjusted based on the expectations arising from the variable fee.

Installation services

The Group in some cases provides installation services that are sold together with the sale of goods.

Contracts that provide both the sale of equipment and installation services are composed of a single obligation to do because the promises to transfer equipment and provide installation services cannot be distinguished and identified separately. Customers who sign a contract including the installation service benefit from the asset only and exclusively after it has been installed and tested. In addition, the Group carries out the installation service with its own personnel or with third parties, which in any case remains its responsibility.

The Group recognizes revenues from contracts including installation services when installation and testing are performed.

After-sales services

With reference to after-sales services, revenues are recognized on the basis of the performance of the service or on a time basis depending on whether the contract is on an "on-call" or "all-in" basis.

Warranties

The Group typically provides warranties for the repair of defects existing at the time of sale, as required by law. These quality standard warranties are accounted for in Provisions, Contingent Liabilities and Contingent Assets. Reference should be made to the note on Provisions for risks and charges.

Government grants

Government grants are recognized when there is reasonable assurance that they will be received and that all conditions attached to them are met. Grants related to cost components are recognized as revenue, but are allocated systematically

between periods so as to be commensurate with the recognition of the costs they are intended to offset. The grant related to an asset is recognized as revenue on a straight-line basis over the expected useful life of the asset to which it relates.

Lease income

Leases from property investments are recognized on a straight-line basis over the term of the leases in place at the reporting date and are classified as other revenue.

Costs

Costs for the purchase of goods and services are recorded when their amount can be reliably determined. Costs for the purchase of goods are recognized at the time of delivery, which, according to existing contracts, is the time when the related risks and benefits are transferred. Costs for services are recognized on an accrual basis when they are received.

Financial Income and Expenses

For all financial instruments measured at amortized cost, interest income is recognized using the effective interest rate, which is the rate that precisely discounts future cash receipts, estimated over the expected life of the financial instrument or over a shorter period, when necessary, than the net book value of the financial asset. Interest income is classified as financial income in the income statement.

Financial expenses are recognized as an expense in the period in which they are incurred. Financial expenses consist of interest and other costs incurred by the Group in connection with the receipt of loans.

Taxes

Current taxes

Current taxes for the year are recorded based on the amount expected to be paid to the tax authorities. The tax rates and tax laws used to calculate the amount are those enacted or substantially in force at the reporting date.

Current taxes relating to items recognized directly in equity are also recognized in equity.

Deferred taxes

Deferred taxes are calculated by applying the so-called "liability method" to the temporary differences at the date of the financial statements between the tax values of assets and liabilities and the corresponding values in the financial statements.

Deferred tax liabilities are recognized on all taxable temporary differences, with the following exceptions:

- deferred tax liabilities arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the financial statement result nor the tax result;
- the reversal of taxable temporary differences related to investments in subsidiary and associated companies can be controlled, and it is probable that this will not occur in the foreseeable future.

Deferred tax assets are recognized against all deductible temporary differences and unused tax losses that can be carried forward, to the extent that it is probable that sufficient future taxable income will be available to allow the use of deductible temporary differences and tax credits and losses carried forward, except where:

- the deferred tax asset associated with deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the financial statement result nor the tax result;
- in the case of deductible temporary differences related to investments in subsidiaries, associated companies, deferred tax assets are recognized only to the extent that it is probable that they will reverse in the foreseeable future and that there will be sufficient taxable income to allow for the recovery of such temporary differences.

The book value of deferred tax assets is reviewed at each reporting date and reduced when it is no longer probable that sufficient taxable income will be available in the future to allow the full or partial use of such receivable. The unrecognized deferred tax assets are reviewed at each reporting date and are recognized to the extent that it becomes probable that the taxable income will be sufficient to allow the recovery of these deferred tax assets.

Deferred tax assets and liabilities are measured using the tax rates that are expected to be applied in the year in which said assets will be realized or said liabilities will be settled, considering the rates currently in force and those already enacted, or substantially in force, at the reporting date.

Deferred tax liabilities relating to items recognized outside the income statement are also recognized outside the income statement and, therefore, as shareholders' equity or in the comprehensive income statement, in line with the element to which they refer.

Deferred tax assets and deferred tax liabilities are offset if there is a legal right that allows compensation of current tax assets and current tax liabilities and the deferred taxes refer to the same taxpayer and the same tax authority.

Tax benefits acquired as a result of a business combination, but which do not meet the criteria for separate recognition at the date of acquisition, may be recognized subsequently, as new information on changes in facts and circumstances is obtained. The adjustment is recognized as a reduction of goodwill (up to the value of the goodwill), if it is recognized during the measurement period, or in the income statement, if recognized subsequently.

## Share-based payment plans - Stock Options

In accordance with the provisions of "IFRS 2 Share-based payments", stock options in favour of employees are valued at fair value at the time of their assignment. At the end of each year, the fair value of options previously determined is not revised, but instead the estimate of the number of options that will vest up to maturity is updated. The accumulated costs recognized for these transactions at the end of each year up to the vesting date are commensurate with the maturity dates of the vesting period and the best available estimate of the number of options that will actually be exercised.

The cost or revenue charged to the income statement for the period represents the change in fair value with respect to the mid-period value.

No cost is recognized for rights that do not reach final maturity, except in the case of rights whose assignment is subject to market conditions.

In the course of 2022, the Group changed the vehicle used until the previous year to grant certain key figures within the Group so-called Long Term Incentive (LTI) plans. In particular, there was a shift from the use of the instrument of Stock Options to that of Performance Shares. This is a potential free allocation of a certain number of treasury shares, depending on the Group's ability to achieve one or more predefined results: depending on the gradient of achievement of these results, a proportional allocation of free shares may take place.

The new model is based on three-year cycles, characterized by a "cliff" type scheme (in order to be entitled to the allocation of shares, one must be in force at the end of the three-year period, unless exceptions are set out in the regulation) and a vesting period that will take place within 6 months after the end of each three-year cycle (performance period). For some strategic figures, the vesting period is postponed by a further two years for a portion of the shares granted (so-called lock-up period, which is in addition to the performance period).

Each year a new cycle begins, based on a rolling frequency: 2022 saw the start of the first cycle (2022-2024).

In the course of 2022, 39 Managers and/or key figures of the Group have been granted a number of "Rights" to receive free shares, Rights that will effectively turn into the same number of shares upon achievement of the aforementioned targets. Any partial attainment of the stated objectives will result in a partial allocation of shares with respect to the rights, even to the possible non-allocation of shares if the objectives are not attained even to the minimum extent (differentiated on the basis of each individual objective).

In accordance with the provisions of "IFRS 2 Share-based payments", stock options in favour of employees are valued at fair value at the time of their assignment. At the end of each year, the fair value of options previously determined is not revised, but instead the estimate of the number of options that will vest up to maturity is updated. The accumulated costs recognized for these transactions at the end of each year up to the vesting date are commensurate with the maturity dates of the vesting period and the best available estimate of the number of options that will actually be exercised.

The cost or revenue charged to the income statement for the period represents the change in fair value with respect to the mid-period value.

No cost is recognized for rights that do not reach final maturity, except in the case of rights whose assignment is subject to market conditions.

## Fair value measurement

The Group measures derivative financial instruments, instrumental land and buildings as well as certain financial instruments, at fair value at each reporting date.

Fair value is the price that would be received for the sale of an asset, or that would be paid for the transfer of a liability, in a regular transaction between market participants on the valuation date. A fair value measurement assumes that the sale transaction of the asset or transfer of the liability takes place:

- › in the main market of the asset or liability;
- or
- › in the absence of a main market, in the most advantageous market for the asset or liability.

The main market or the most advantageous market must be accessible to the Group. The fair value of an asset or liability is valued by adopting the assumptions that market operators would use in the determination of price of the asset or liability, assuming that market operators act to best meet their own economic interest.

An assessment of the fair value of non-financial asset does not consider the ability of a market operator to generate economic benefits by making utmost use of the asset or by selling it to another market operator that would make the utmost and best use of it.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which the fair value is measured or recorded in the financial statements are categorized according to the fair value hierarchy, as described below:

- › **Level 1** - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- › **Level 2** - inputs other than the quoted prices included in Level 1, directly or indirectly observable for the asset or liability;
- › **Level 3** - valuation techniques for which the input data is not observable for the asset or liability;

The fair value measurement is entirely classified in the same level of the fair value hierarchy in which the input of the lowest level of hierarchy used for the valuation is classified.

Outside appraisers are involved in the valuation of significant assets such as real estate, land and buildings.

For reporting purposes related to fair value, the Group determines classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as described above.

## Discretionary valuations and use of estimates

The preparation of financial statements requires the directors to make discretionary valuations, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and related disclosures, as well as the identification of contingent liabilities. The uncertainty inherent in the assumptions and estimates made could result in outcomes that will require a significant adjustment to the carrying value of these assets and/or liabilities in the future.

The principal financial statement items affected by the use of estimates and assumptions that could result in a material risk of resulting in a material adjustment to the book values of assets and liabilities within the next year are as follows:

### Impairment of non-current assets

#### Recoverability of goodwill

Impairment occurs when the book value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The calculation of value in use is based on a cash flow discounting model and implies, with reference to goodwill, assumptions regarding the forecast of expected cash flows in the two CGUs (Cash Generating Units) identified, based on the guidelines defined in the strategic plan approved by the Parent Company's Board of Directors, the determination of an appropriate discount rate (WACC) and long-term growth rate (g). These assumptions could be affected by impacts from the emergence from COVID-19.

As required by IAS 36, because the above CGUs include goodwill, the Parent Company performed an impairment test to determine that the book values related to the CGU assets are recorded in the financial statements at 31 December 2022 at a value that is not greater than their recoverable amount. Specifically, the Company recognizes goodwill of Euro 67.3 million in the consolidated financial statements at 31 December 2022.

#### Fair value of instrumental land and buildings.

The Group accounts for its instrumental land and buildings at fair value, with changes in fair value recognized in the comprehensive income statement

Appraisals are used on a periodic basis by third-party experts except for the need in some specific situations to have annual appraisals.

#### Employee benefits

The present value of the employee benefit liability depends on a number of factors that are determined by actuarial techniques using certain assumptions. These actuarial techniques require the development of assumptions about discount rates, future salary increases, turnover and mortality rates; due to the long-term nature of these plans, these estimates are subject to a significant degree of uncertainty. Any change in the above assumptions could have a significant effect on the liability for retirement benefits.

The fair value related to the stock option plans is based on one of the assumptions and inputs of an accounting inputs, and is determined according to the change in the Group's value, on the basis of the latest approved consolidated financial statements.

**Deferred tax assets**

The valuation of deferred tax assets is made on the basis of expected income in future years; the valuation of such expected income depends on factors that could change over time and have a significant effect on the valuation of deferred tax assets.

**New accounting standards and interpretations**

As previously reported, the Consolidated Financial Statements for the year ended 31 December 2022 have been prepared in accordance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, consistent with the prior year, except as introduced by the IASB and endorsed by the European Union effective 1 January 2018. The Group has not proceeded with early adoption of any new standards, interpretations or amendments issued but not yet effective.

**New accounting standards, interpretations and amendments endorsed by the European Union and adopted by the Group as of 1 January 2022****Amendment to IFRS 3 "Business combinations"**

On 14 May 2020, the IASB issued an amendment to IFRS 3, "Reference to the Conceptual Framework," for the following items:

- (i) complete updating references to the Conceptual Framework for Financial Reporting in the accounting standard;
- (ii) provide clarifications on the assumptions for the recognition, at the acquisition date, of provisions, contingent liabilities and tax liabilities (levies) assumed as part of a business combination transaction;
- (iii) make explicit the fact that potential assets cannot be recognized as part of a business combination.

The amendments clarify that when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination that has been implemented in several phases, including the remeasurement at fair value of the equity investment previously held in the assets and liabilities of the joint operation. In doing so, the acquirer revalues the interest previously held in the joint operation.

On the basis of the analysis carried out, it is believed that this amendment does not have an impact on the Group's financial statements.

**Amendment to IFRS 16 Covid-19 Related Rent Concessions**

On 28 May 2020, the IASB published an amendment to IFRS 16. The amendment allows a lessee not to apply the requirements in IFRS 16 on the accounting effects of contractual modifications for lease reductions granted by lessors that are a direct result of the Covid-19 outbreak. The amendment introduces a practical expedient whereby a lessee may choose not to assess whether lease reductions represent contractual changes. A lessee that chooses to use this expedient accounts for these reductions as if they were not contractual modifications within the scope of IFRS 16.

The amendments are applicable to financial statements for which the accounting period begins on or after 1 June 2020. Early adoption is permitted and this exemption applies if the following conditions are met:

The concession on payments is a direct result of the Covid-19 pandemic and the reduction in payments relates only to those originally due through June 2021;

The change in payments has left the same amount to be paid unchanged from the original terms or has reduced the amount to be paid;

There are no material changes to any other terms or conditions of the lease.

These amendments had no impact on the Group's financial statements.

## Amendments to IFRS 7, IFRS 9 and IAS 39: Reform of the interest rate benchmark

The amendments to IFRS9 and IAS 39 provide a number of practical expedients that apply to hedging relationships that are directly impacted by benchmark interest rate reform. A hedging relationship that is impacted by the reform is subject to uncertainties about the timing and extent of rate-based cash flows with respect to the hedged instrument.

On the basis of the analysis carried out, it is believed that this amendment does not have an impact on the Group's financial statements.

## Accounting standards, interpretations and amendments not yet approved by the European Union

### Amendment to IAS 12 "Income taxes"

The amendments clarify that the effects of dividend taxes are related to past transactions or events that generated distributable profits rather than distributions to shareholders. Therefore, an entity recognizes the effects of income tax deriving from dividends in the profit/(loss) for the year, in the other components of the comprehensive income statement or in shareholders' equity consistent with the way in which the entity previously recognized such past transactions or events.

This amendment is not expected to have a material impact on the consolidated financial statements.

### Amendment to IAS 23 "Borrowing costs"

The amendments clarify that an entity accounts as non-specific loans any loan that it has made and that from the outset was intended to develop an asset, when all the actions necessary to prepare that asset for use or sale are completed.

An entity applies said amendments to financial expenses incurred from the beginning of the year in which the entity first applies said amendments. An entity applies said amendments for years beginning on or after 1 January 2019, and early application is permitted. Since the Group's current practice is in line with these amendments, the Group has not recorded any impact resulting from these amendments on its consolidated financial statements.

### Introduction of 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 and 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 changes will apply from 1 January 2023, together with the application of IFRS 17.

The Group does not expect any impact from the adoption of these amendments.

### Impacts of Pillar 2 OECD REFORM

In December 2022, the EU Member States reached agreement on the EU-wide implementation of the Global Minimum Tax (known as OECD Pillar Two).

Indeed, the ambassadors of the Member States agreed to "advise" the European Council to approve the proposed EU Directive - aimed at ensuring a minimum level of effective taxation of 15% for multinational groups in the EU (groups with revenues above EUR 750 million).

The next steps are awaited that will lead to the formal approval of the draft directive, which was blocked for months by the vetoes of first Poland and then Hungary (which recently decided to lift its veto as part of a broader agreement on other issues). The Directive (once approved) will then have to be transposed into the domestic laws of the Member States by the end of 2023.

The IASB proposed amendments to IAS 12 Income Taxes and issued Exposure Draft International Tax Reform - Pillar Two Model Rules on 9 January 2023. The proposed amendments provide an exception for entities from recognizing and disclosing information on deferred tax assets and liabilities related to the implementation of the Pillar Two Model Rules.

The Group does not expect significant impacts from the adoption of this amendment. Net of any new acquisitions during 2023, the Group expects to have to take a closer look at a number of subsidiaries that might, as things stand, abstractly qualify for Pillar II in Italy.

## Notes to the Statement of Financial Position

### Argentina — hyperinflationary economy: impacts deriving from the application of IAS 29

As of 1 July 2018, the Argentine economy is considered hyper-inflationary based on the criteria established by IAS 29 "Accounting reporting in hyper-inflationary economies" as a result of an assessment of qualitative and quantitative elements, including the presence of a cumulative inflation rate greater than 100% over the previous three years.

For the purposes of preparing these consolidated financial statements and in accordance with the provisions of accounting standard IAS 29, certain items in the balance sheet of the subsidiary EPTA Argentina are have been remeasured by applying the general index of consumer prices to historical data, in order to reflect changes in the purchasing power of the Argentine peso at the reporting date.

Specifically, the remeasurement of the non-monetary balance sheet data in the subsidiary's financial statements was carried out by applying inflation indices at that date.

The accounting effects of this remeasurement at the date of first-time application of this standard and subsequent remeasurements have been recognized as follows:

- › the effect related to the remeasurement of these non-monetary items, equity items, as well as income statement components, carried out to take into account the change in the 2022 benchmark price index, has been recognized as an offsetting entry to an income statement item as financial income and expense. The related tax effect was recorded as taxes for the year;
- › in order to take into account the impact of hyperinflation also on the monetary rate of the local currency, the income statement balances expressed in hyperinflationary currency were converted into the currency of presentation of the Group by applying, as required by IAS 21, the final exchange rate instead of the average exchange rate for the period with the aim of bringing these amounts back to current values.

In 2022, the application of IAS 29 resulted in the recognition of a total expense (net of taxation) of Euro 157 thousand in the income statement and a positive effect of Euro 3,902 thousand in shareholders' equity.

The effects of IAS 29 accumulated at 31 December 2022 are shown below (amounts in Euro thousands):

	Cumulative hyper-inflation effect	Cumulative hyper-inflation effect
	at 31 December 2022	at 31 December 2021
Increase in assets	6,075	3,033
Increase in liabilities	(2,330)	(999)
Increase in shareholders' equity (net of result)	(3,902)	(3,180)
Effect on losses for the period	157	1,147

The Turkish economy also fell within the scope of this principle, considering it hyper-inflationary. Since the company

prepares its financial statements in Euro, no adjustment was necessary.

Note 1 Property, plant and equipment

Property, plant and equipment at 31 December 2022 and 2021 consisted of the following:

(Euro thousands)	31.12.2022			31.12.2021			
	Gross Value	Accumulated depreciation	Net Value	Gross Value	Accumulated depreciation	Net Value	Net change
Land and buildings	191,565	(76,818)	114,746	189,292	(71,343)	117,949	(3,202)
Plants and machinery	183,141	(146,394)	36,746	181,540	(138,315)	43,225	(6,479)
Industrial and commercial equipment	79,116	(70,967)	8,149	77,245	(67,961)	9,284	(1,135)
Other assets	17,651	(14,794)	2,857	17,235	(13,994)	3,241	(384)
Assets in progress and advances	24,431	-	24,431	7,376	-	7,376	17,055
Total	495,904	(308,973)	186,930	472,687	(291,612)	181,075	5,855

An analysis of changes in property, plant and equipment and accumulated depreciation is provided below:

Gross Value	Opening	Increases	Decreases	Fair Value	Exchange rate differences	Reclassifications	Other changes	Closing
Land and buildings	189,292	1,035	(32)	6,336	(4,525)	175	(716)	191,565
Plants and machinery	181,540	7,789	(2,113)	153	(2,349)	1,127	(3,006)	183,141
Industrial and commercial equipment	77,245	2,056	(1,280)	-	64	900	131	79,116
Other assets	17,235	452	(460)	-	(396)	191	629	17,651
Assets in progress and advances	7,376	16,743	(35)	-	69	(2,393)	2,672	24,431
Total	472,687	28,075	(3,920)	6,488	(7,137)	-	(289)	495,904

Accumulated depreciation	Opening	Increases	Decreases	Fair Value	Exchange rate differences	Reclassifications	Other changes	Closing
Land and buildings	(71,343)	(5,256)	15	(530)	2,056	-	(1,760)	(76,818)
Plants and machinery	(138,315)	(11,582)	1,872	(13)	134	-	1,509	(146,394)
Industrial and commercial equipment	(67,961)	(3,943)	1,122	-	21	-	(207)	(70,967)
Other assets	(13,994)	(1,011)	454	-	(257)	-	14	(14,794)
Total	(291,612)	(21,792)	3,463	(543)	1,954	-	(443)	(308,973)

The main projects related to operational processes included:

- › investments in the expansion of the Limana (Italy) plant for Euro 5,565 thousand;
- › investments for the industrialization process for the production lines at the Kysor Warren plant (USA) for Euro 4,515 thousand, at the Epta France plant (France) for Euro 2,421 thousand and at the Limana plant (Italy) for Euro 989 thousand;
- › expansion of the Epta Qingdao plant (China) for Euro 230 thousand;
- › investments for the thermoforming plant and upgrading of existing production lines at the Casale Monferrato factory amounting to Euro 261 thousand;
- › investments for laser cutting at the Solesino and Limana (Italy) plant for Euro 3,521 thousand;
- › investments in progress at the Columbus (USA) plant for Euro 487 thousand and at the Hendaye (France) plant for Euro 513 thousand.

The item other changes includes the effect of hyper-inflation on the Argentine company.

Note 2 Right of Use

The item "right of use" includes leases as a result of the application of IFRS16:

(Euro thousands)	31.12.2022 Net Value	31.12.2021 Net Value	Net change
Right of use	23,996	24,815	(819)
Total	23,996	24,815	(819)

Changes in right of use and accumulated amortization are analysed as follows:

(Euro thousands)	Opening	Increases	Amortization/ depreciation	Exchange rate differences	Closing
Right of use	24,815	11,941	(12,681)	(79)	23,997
Total	24,815	11,941	(12,681)	(79)	23,997

Increases relate primarily to new leases and cars and vehicles for the business.

Note 3 Property investments

This item includes the non-instrumental building owned by the subsidiary Epta Rack SA (Sermaises - France), which is currently partially leased.

(Euro thousands)	Opening	Increases	Decreases	Other changes	Closing
Property investments	1,450	-	-	-	1,450

## Note 4 Goodwill and other intangible assets with indefinite life

Goodwill at 31 December 2022 amounted to Euro 67,342 thousand (Euro 67,236 thousand at 31 December 2021). The amount was acquired for consideration through business combinations and was allocated for impairment testing purposes to the cash generating units (CGUs) of the "Retail" and "Food and Beverage" segments according to the following breakdown:

Sector (euro/000)	31.12.2022	31.12.2021	Change
Retail	37,602	37,496	106
Food and Beverage	29,740	29,740	-
<b>Total</b>	<b>67,342</b>	<b>67,236</b>	<b>106</b>

Goodwill is subject to an impairment test at the reporting date. The Group has therefore subjected the Net Invested Capital (NIC) broken down by CGU to a recoverability test. The NIC is inclusive of the value of goodwill.

The recoverable amount of the CGUs was determined through value in use, applying the Discounted Cash Flows model, based on the expected cash flows over the explicit period of four years based on the forecasts prepared by management and contained in the Strategic Plan, approved by the Company's Board of Directors, in addition to considering the terminal value.

For the purpose of determining the recoverable amount of the NIC, the cash flows were discounted using a rate (WACC) that takes into account the specific risks of the business and reflects current market assessments of the cost of money. The calculation of the weighted average cost of capital resulted in a value of 7.48% for EMEA, 7.98% for Americas and 7.19% for APAC (6.10% for all regions at 31 December 2021).

The recoverable amount also includes the Terminal Value of the cash flows, which was calculated considering a growth rate ("g" rate) of 2%, based on considerations on the business development of the CGUs considered. The Terminal Value considers an operating cash flow based on the last year of the plan (2026), appropriately adjusted to reflect an "operational" situation.

The impairment test carried out, approved by the Company's Board of Directors, did not reveal any impairment loss, as the value in use was higher than the book value.

Finally, a sensitivity analysis was carried out on the results of the test in relation to changes in basic assumptions (WACC, "g" rate and EBITDA at "steady state"). This sensitivity analysis showed, with reference to the Food & Beverage CGU, that the value held despite significant deviations in one or more of the assumptions underlying the model.

## Note 5 Intangible assets

Intangible assets as at 31 December 2022 and 31 December 2021 are as follows:

(Euro thousands)	31.12.2022	31.12.2021	
	Net Value	Net Value	Net change
Development costs	4,622	3,741	881
Industrial patent and intellectual property rights	519	894	(375)
Concessions, licenses and similar rights	3,579	2,389	1,190
Assets in progress and advances	1,936	2,011	(75)
Other intangible assets	145	158	(12)
<b>Total</b>	<b>10,800</b>	<b>9,192</b>	<b>1,609</b>

Changes in intangible assets were as follows (amounts in Euro thousands):

Gross Value	Opening	Increases	Decreases	Redassifications	Exchange rate differences	Other changes	Closing
Development costs	13,898	1,603	-	956	(72)	-	16,385
Industrial patent and intellectual property rights	4,541	3	(3)	(164)	84	14	4,475
Concessions, licenses and similar rights	22,146	2,764	(457)	1,127	(103)	166	25,644
Assets in progress and advances	2,011	2,043	(33)	(1,923)	(162)	-	1,936
Other intangible assets	3,101	-	-	4	9	8	3,122
<b>Total</b>	<b>45,697</b>	<b>6,413</b>	<b>(493)</b>	<b>-</b>	<b>(243)</b>	<b>188</b>	<b>51,563</b>

Accumulated depreciation	Opening	Increases	Decreases	Redassifications	Exchange rate differences	Other changes	Closing
Development costs	(10,158)	(1,665)	3	-	56	-	(11,764)
Industrial patent and intellectual property rights	(3,648)	(24)	2	-	72	(358)	(3,956)
Concessions, licenses and similar rights	(19,757)	(2,792)	174	-	123	261	(21,992)
Other intangible assets	(2,943)	(15)	-	-	(18)	-	(2,977)
<b>Total</b>	<b>(36,506)</b>	<b>(4,497)</b>	<b>178</b>	<b>-</b>	<b>233</b>	<b>(97)</b>	<b>(40,689)</b>

Costs with long-term utility amounting to Euro 2,848 thousand were capitalized during the year, primarily for the development of new R&D projects.

Other increases relate primarily to IT projects and software licenses.

With regard to IT projects, it should be noted that, following the clarifications provided by the IFRIC Decision published in April 2021 (please refer to the relevant paragraph in the reference accounting standards section) with reference to the accounting of cloud computing contracts of the SAAS (software as a service), PAAS (platform as a service) and IAAS (infrastructure as a service) type, the Company applied IAS 38 and capitalized only the costs related to the development of

an intangible asset that is clearly identifiable and under the unambiguous control of the company itself.

In the absence of the above-mentioned requirements, the costs were entered in the income statement on an accrual basis, as they were considered a pure service contract.

## Note 6 Investments

The item "Equity investments" at 31 December 2022 amounts to Euro 344 thousand (Euro 283 thousand at 31 December 2021).

Changes in investments are shown below:

Net Value	Opening	Increases	Decreases	Exchange rate differences	Reclassifications	Other changes	Closing
Investments in subsidiaries	-	-	-	-	-	-	-
Investments in associated companies	-	-	-	-	-	-	-
Other investments	283	-	-	-	-	61	344
<b>Total</b>	<b>283</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61</b>	<b>344</b>

The increase in the year is related to a restatement and relates to a shareholding held by the newly acquired Epta Refrigeration Portugal, F.R. - Frio e Refrigeração Lda, 50% owned and operating in Portugal.

## Note 7 Other non-current assets

Other non-current assets at 31 December 2022 amounted to Euro 92 thousand (Euro 584 thousand at 31 December 2021) and included long-term receivables; the reduction is related to the reclassification from long-term to short-term of the substitute tax, paid by Epta Spa during 2018 for the redemption of goodwill and amortized over the duration of the benefit, equal to 5 years, starting from the 2019 financial year.

## Note 8 Deferred tax assets

Deferred tax assets mainly include the effect of tax losses and deductible temporary differences emerging between the book values and the corresponding tax values at the end of the year.

Details of the balance are as follows:

(Euro thousands)	31.12.2022	31.12.2021	Change
Inventory obsolescence provision	3,507	3,221	287
Provision for doubtful accounts	1,493	961	532
Provisions for risks and charges	2,701	2,400	301
Employee benefits	2,938	3,836	(897)
Tax losses	11,946	11,104	842
Tangible assets	1,363	1,008	356

Ifrs16	3,811	-	3,811
Other	4,586	3,136	1,449
<b>Total</b>	<b>32,345</b>	<b>25,666</b>	<b>6,680</b>

Deferred tax assets, including those relating to tax loss carry-forwards, have been recorded considering the likelihood of their future recovery on the basis of the Group's projected results, which indicate the existence of income not less than the amount of the differences to be offset.

## Note 9 Non-current derivative financial instruments

(Euro thousands)	31.12.2022	31.12.2021	Change
Derivative financial instruments	1,148	-	1,148
<b>Total</b>	<b>1,148</b>	<b>-</b>	<b>1,148</b>

At 31 December 2022, the value of long-term derivative instruments amounted to Euro 1,148 thousand, whereas at the end of the previous year the value was a negative Euro 68 thousand.

Based on the maturity of these instruments, the asset was divided into non-current portion (contracts hedging interest rate risk) and current portion (forward currency sales).

At 31 December 2022, the following contracts are in place to hedge interest rate risk:

1. an "amortizing" Interest Rate Swap with BNL BNP Paribas for a notional amount of Euro 10,000 thousand maturing on 26 June 2027. The residual notional amount at 31 December 2022 is Euro 9,000 thousand; its fair value is positive by Euro 695 thousand, and it should be noted that the hedging is equal to 100% of the outstanding debt;
2. an "amortizing" Interest Rate Swap with Intesa Sanpaolo for a notional amount of Euro 10,000 thousand maturing on 30 June 2024. The residual notional amount at 31 December 2022 is Euro 3,725 thousand; its fair value is positive by Euro 125 thousand and it should be noted that the hedging is equal to 100% of the outstanding debt.

The fair value was calculated, with the support of external consultants, considering the market parameters at the date of the financial statements and using valuation models widely used in the financial sector.

With reference to the hedging report, it should be noted that it is verified annually with the support of external consultants.

The remainder consists of forward currency sales contracts (forwards), also of insignificant amounts to hedge the risks arising from exchange rate fluctuations, the valuation of which is charged to the income statement.

The following is a summary of the main contracts in place and their countervalue at year-end, relating to the parent company:

Currency	Notional in currency	Date of subscription	Date of expiry	Countervalue in euro	Countervalue in euro as at 31.12.2022
Romanian Leu	25,332	04.11.2022	07.02.2023	5,180	5,199
Norwegian Crown	590	04.11.2022	07.02.2023	59	56
Australian Dollar	1,500	04.11.2022	07.02.2023	980	959
US Dollar	22,500	04.11.2022	07.02.2023	22,674	21,214
<b>Total</b>				<b>28,893</b>	<b>27,428</b>

## Note 10 Other non-current financial assets

Other non-current financial assets at 31 December 2022 amounted to Euro 1,043 thousand (Euro 1,643 thousand at 31 December 2021) and refer to security deposits paid by Group companies.

## Note 11 Inventories

Inventories at 31 December 2022 and 31 December 2021, shown net of the inventory write-down provision, are as follows:

(Euro thousands)	Gross Value	Bad debts provision	Net Value
Raw, ancillary and consumable materials	108,844	(9,981)	98,863
Work in progress and semi-finished products	54,094	(151)	53,943
Finished products and goods	127,563	(7,699)	119,864
<b>Inventories at 31.12.2022</b>	<b>290,500</b>	<b>(17,831)</b>	<b>272,670</b>
Raw, ancillary and consumable materials	83,503	(7,058)	76,444
Work in progress and semi-finished products	51,146	(603)	50,544
Finished products and goods	113,977	(6,969)	107,008
<b>Inventories at 31.12.2021</b>	<b>248,627</b>	<b>(14,630)</b>	<b>233,996</b>

The increase in this item of Euro 38,674 is attributable both to the increase in turnover and portfolio volumes in the last quarter and to the Group's decision to maintain a larger volume of raw materials than production requirements in order to mitigate the risk of supply delays and price increases.

Changes in the inventory obsolescence provision are as follows:

(Euro thousands)	Opening	Increases	Use	Release	Other changes	Closing
Obsolescence provision	(14,630)	(6,875)	891	2,969	(186)	(17,831)
<b>Total</b>	<b>(14,630)</b>	<b>(6,875)</b>	<b>891</b>	<b>2,969</b>	<b>(186)</b>	<b>(17,831)</b>

The item "other changes" refers to the exchange rate delta for the period.

## Note 12 Trade receivables

Trade receivables at 31 December 2022 and 31 December 2021, net of the related provision, consisted of the following:

(Euro thousands)	31.12.2022	31.12.2021	Change
Customers	361,475	290,786	70,690
Provision for doubtful accounts	(15,422)	(14,044)	(1,378)
<b>Total</b>	<b>346,053</b>	<b>276,741</b>	<b>69,312</b>

The value of average collection days in 2022 was 84 days (78 days in 2021).

The balance of trade receivables at 31 December 2022 was higher than at 31 December 2021, not only due to the longer average term, but mainly due to the increase in turnover volumes in the last quarter of 2022 compared to the same period of the previous year.

## Note 13 Other current financial assets

Other current financial assets at 31 December 2022 amounted to Euro 17,724 thousand (Euro 19,437 thousand at 31 December 2021) and refer to temporary investments of liquidity made by the parent company Epta SpA during the year in mutual funds, investment certificates and investment policies, for Euro 8,364 thousand, Euro 1,492 thousand and Euro 7,865 thousand, respectively.

## Note 14 Tax receivables

Tax receivables at 31 December 2022 and 2021 consist of the following:

(Euro thousands)	31.12.2022	31.12.2021	Change
VAT receivables	9,645	8,449	1,196
Other tax receivables	4,842	5,900	(1,058)
<b>Total</b>	<b>14,487</b>	<b>14,349</b>	<b>138</b>

Other tax receivables primarily refer to tax credits relating to the deductibility of IRAP for IRES purposes (article 2 paragraph 1 of DL 201/211) accrued by the Parent Company in previous years.

## Note 15 Other current assets

Other current assets at 31 December 2022 and 31 December 2021 consisted of the following:

(Euro thousands)	31.12.2022	31.12.2021	Change
Receivables from social security institutions	181	228	(47)
Accrued and deferred assets	9,462	7,563	1,900
Other assets	15,513	9,653	5,860
<b>Total</b>	<b>25,156</b>	<b>17,443</b>	<b>7,713</b>

Accruals and deferrals refer to revenues and costs, the competence of which is anticipated or deferred with respect to the financial event. Other assets mainly include advances to suppliers for Euro 13,139 thousand, which explains most of the increase over the previous period

## Note 16 Current derivative financial instruments

(Euro thousands)	31.12.2022	31.12.2021	Change
Derivative financial instruments	1,466	-	1,466
<b>Total</b>	<b>1,466</b>	<b>-</b>	

At 31 December 2022, the value of derivative instruments was an asset with a total value of Euro 2,614 thousand, of which Euro 1,466 thousand was short-term.

For further details, see Note 9 Non-current financial instruments.

## Note 17 Cash and cash equivalents

Cash and cash equivalents at 31 December 2022 amounted to Euro 114,237 thousand (Euro 123,348 thousand at 31 December 2021), a decrease of Euro 9,111 thousand in the year.

Please refer to the notes to the cash flow statement for more details regarding the change for the year.

## Note 18 Shareholders' equity

Shareholders' equity amounted to Euro 386,323 thousand (Euro 362,888 thousand at 31 December 2021). Compared to the previous year, this item increased by Euro 23,435 thousand. Reference should be made to the statement of changes in equity and the reconciliation of equity for further details.

### Share capital

At 31 December 2022, the Parent Company's share capital consisted of 68,998,000 ordinary shares with a nominal value of Euro 1.

## Reserves

Details of this item, amounting to Euro 45,887 thousand, are provided below:

### Legal reserve

The legal reserve, equal to 20% of the capital, amounted to Euro 13,800 thousand at 31 December 2022.

### Revaluation reserve

This item, amounting to Euro 22,454 thousand, arose from statutory revaluations carried out over the years by the former subsidiaries Costan S.r.l. and Eurocryor S.r.l., which were subsequently merged into the Parent Company.

### Extraordinary reserve

The extraordinary reserve at 31 December 2022 increased by Euro 42,076 thousand following the allocation of the previous year's result and decreased by Euro 30,367 thousand following the distribution of dividends to shareholders approved by the Shareholders' Meeting on 9 May.

### Reserve for purchase of treasury shares

The reserve for purchase of treasury shares at 31 December 2022 amounted to Euro 3,521 thousand and remained unchanged compared to the previous period.

### Treasury shares reserve

At 31 December 2022, treasury shares in portfolio amounted to Euro 5,598 thousand and were recorded through a "negative reserve" in the shareholders' equity items. The reserve did not change from the previous period.

## Other reserves

This item, amounting to Euro 221,223 thousand at 31 December 2022, includes:

### Reserve for retained earnings and translation reserve

The reserve for retained earnings at 31 December 2022, including the translation reserve, amounted to Euro 180,808 thousand.

### Fair Value Reserve for Land and Buildings

The fair value reserve for land and buildings at 31 December 2022 was Euro 42,572 thousand.

### Cash Flow Hedge reserve

The Cash Flow Hedge reserve at 31 December 2022 amounted to Euro 649 thousand.

### Reserve for Employee Benefits

The reserve for employee benefits at 31 December 2022 is negative by Euro 3,929 thousand.

### Stock Grant reserve

The reserve, set up in 2023, refers to the valuation of the stock grant plan, approved by the Shareholders' Meeting of 5 August 2022, set up in favour of certain employees and amounts to Euro 1,123 thousand.

The following is a reconciliation of the parent company's equity and results to the consolidated equity and results.

	31.12.2022	
	Shareholders' equity	Result
Parent company	176,517	24,897
Equity and results of consolidated companies	391,697	51,665
Elimination of the value of investments	(189,913)	
Elimination of dividends		(24,415)
Minority shares	294	96
Elimination of intercompany profits and consolidation adjustments	7,729	(2,227)
<b>Total Group shareholders' equity</b>	<b>386,323</b>	<b>50,017</b>

## Minorities' equity

At 31 December 2022, the portion of shareholders' equity attributable to minorities amounted to a total of Euro 294 thousand (Euro 362 thousand at 31 December 2021) and related to the following companies:

- › Iarp Services Co. Ltd;
- › Sofrico Sarl;
- › Epta Suomi;
- › Epta Technical Services UAE LLC.

## Note 19 Medium/long-term financial payables

Medium- to long-term financial payables at 31 December 2022 and 31 December 2021 consisted of the following:

(Euro thousands)	31.12.2022	31.12.2021	Change
Long-term financial payables	92,019	65,732	26,287
Bonds	28,041	46,433	(18,392)
Medium/long-term lease payables	11,092	12,687	(1,596)
<b>Total</b>	<b>131,152</b>	<b>124,852</b>	<b>6,300</b>

Medium/long-term financial payables include the portion of loans currently due after one year.

The increase in medium- and long-term debt is a consequence of the introduction, and partial utilization, of new committed Revolving Credit Facilities.

The reduction in the value of bonds, on the other hand, is due to the reclassification to short-term debt of the parent company Epta Spa, maturing on 10 March 2023.

Medium/long-term bank loans are unsecured, with the exception of the loan from Jyske Bank taken out by the Danish subsidiary, Knudsen Koling, the residual debt of which at 31 December 2022 amounted to Euro 1,726 thousand and

matures on 30 September 2034.

In relation to the bond and some loan contracts, the Parent Company undertook to comply with certain financial parameters (covenants).

Most of the outstanding loans are denominated in Euro, at fixed rates.

The maturity profile of long-term financial payables (excluding medium/long-term lease payables) is shown below:

	2024	2025	2026	2027 and beyond	Total
Long-term financial payables	52,542	23,922	37,800	5,796	120,060

## Note 20 Derivative financial instruments

Derivative financial instruments at 31 December 2022 and 31 December 2021 are presented as follows:

(Euro thousands)	31.12.2022	31.12.2021	Change
Derivative financial instruments	-	68	(68)
<b>Total</b>	<b>-</b>	<b>68</b>	<b>(68)</b>

At 31 December 2022, the value of derivative instruments was an asset with a total value of Euro 2,614 thousand, of which Euro 1,466 thousand was short-term.

For further details, see Note 9 Non-current financial instruments.

## Note 21 Liabilities for employee benefits

The liability relating to the Group's defined benefit plans, determined on an actuarial basis using the projected unit credit method, is recorded in the financial statements, net of the fair value of any plan assets.

In the event that the fair value of the plan assets exceeds the value of the post-employment benefit obligation and the Group has the right to reimbursement or the right to reduce its future contribution to the plan, this excess is recognized as a non-current asset in accordance with the criteria set out in IAS 19.

The following table shows a comparison with the previous year:

(Euro thousands)	31.12.2022	31.12.2021	Change
Liabilities for employee benefits	24,704	29,562	(4,857)
<b>Total</b>	<b>24,704</b>	<b>29,562</b>	<b>(4,857)</b>

The Parent Company's defined benefit plans essentially relate to the Employee Severance Indemnity (TFR). Employee

severance indemnities include amounts due to employees and not transferred to supplementary pension schemes or to the treasury fund set up at INPS. As the TFR is identified as a type of defined benefit plan within the scope of IAS19, it is subject to actuarial valuation to express the current value of the benefit payable at the end of the employment relationship that employees have accrued at the reporting date.

The foreign defined benefit plans of the consolidated companies relate to defined benefit pension schemes present mainly in France, Germany, the United Kingdom and Mexico.

Liabilities relating to the Group's defined benefit plans, determined on an actuarial basis using the 'projected unit credit' method, are recorded in the financial statements, net of the fair value of plan assets in the United Kingdom that are comprised of investments in asset classes such as diversified growth funds.

The composition of and changes to defined benefit plans are shown below (amounts in Euro thousands):

	31.12.2022	31.12.2021	Changes
Breakdown of liabilities for employee benefits	29,562	34,423	(4,862)
Cost related to current services	259	341	(82)
Financial expenses	553	(43)	596
Actuarial (gains)/losses	(2,479)	(3,153)	674
Benefits paid	(3,199)	(2,538)	(661)
Currency conversion differences	219	(859)	1,078
<b>Gross present value of the obligation at year-end</b>	<b>24,914</b>	<b>28,171</b>	<b>(3,257)</b>
Other employee benefits	(210)	1,390	(1,600)
<b>Total liabilities for employee benefits</b>	<b>24,704</b>	<b>29,561</b>	<b>(4,857)</b>

The cost related to current benefits is recognized in the financial statements as personnel costs while actuarial gains and losses are recognized in the comprehensive income statement.

The main assumptions used in the actuarial calculation to estimate the liability are summarized in the following table:

	31.12.2022	31.12.2021
Discount rate	1.60% - 9.10%	0.33% - 6.55%
Expected return on pension fund assets	up to 3.65%	up to 3.20%
Average rate of increase in wages and salaries	2.00% - 7.00%	1.50% - 6.00%

The total actuarial gain arising from valuations on defined benefit plans has been recognized in the comprehensive income statement.

The following is a quantitative analysis of the sensitivity at 31 December 2022 of the defined employee benefit liability assuming reasonable changes in key assumptions at the reporting date.

	Change
Discount rate +0.50%	(5,032)
Discount rate +0.25%	(5,462)
Discount rate -0.25%	(3,411)
Discount rate -0.50%	(1,323)

## Note 22 Provisions for risks and charges

At 31 December 2022, provisions for risks and charges amounted to Euro 19,727 thousand (Euro 17,437 thousand at 31 December 2021), and represent the best possible estimate of the liabilities to which the Group may be required to respond in the future taking into account current information. The details are as follows:

(Euro thousands)	Provision warranty	Supplementary Indemnity Fund for customers	Others provisions	Total
<b>Opening</b>	<b>7,162</b>	<b>986</b>	<b>9,289</b>	<b>17,437</b>
Increases	2,060	73	4,281	6,414
Use	(302)	-	(453)	(755)
Release	(1,305)	(149)	(951)	(2,405)
Other changes	(1,116)	-	152	(964)
<b>Closing</b>	<b>6,499</b>	<b>910</b>	<b>12,319</b>	<b>19,727</b>

### Product warranty provision

The product warranty provision represents the estimated cost of technical assistance to be provided on products sold during the contractual warranty period. These costs are provided for on the basis of analyses and estimates relating to the past, taking into account the assets covered by the contractual warranty, and to potential risks deriving from the technical characteristics of the products.

### Customer supplementary indemnity provision

The Customer supplementary indemnity provision related to the Parent Company includes allocations made with respect to potential risks for the payment of termination indemnities which, on the occurrence of the conditions laid down in article 1751 of the Italian Civil Code, as applied by current Collective Bargaining Agreements, must be paid to agents.

### Others

Other provisions mainly include the provision for environmental charges relating to environmental remediation costs for the removal of asbestos from the building of Epta France located in Hendaye and provisions for litigation, non-cold weather and non-compliance.

## Note 23 Deferred tax liabilities

Deferred tax liabilities include the tax effect of temporary taxable differences arising between the book values and the corresponding tax values at the end of the year.

The nature of taxable temporary differences that resulted in deferred tax liabilities is as follows:

(Euro thousands)	31.12.2022	31.12.2021	Change
Tangible assets	10,370	11,579	(1,209)
Changes in tangible assets	2,815	-	2,815
Other	2,980	3,754	(774)
<b>Total</b>	<b>16,164</b>	<b>15,332</b>	<b>833</b>

## Note 24 Other non-current liabilities

Other non-current liabilities amounted to Euro 1,431 thousand (Euro 1,756 thousand at 31 December 2021). The amount mainly refers to payables for probable exercise of put & call options generated as a result of acquisitions (Euro 993 thousand) and the long-term portion of deferred liabilities on service contracts (Euro 548 thousand).

## Note 25 Short-term financial payables

Details of the balance at 31 December 2022 and 31 December 2021 are as follows:

(Euro thousands)	31.12.2022	31.12.2021	Change
Current portion of long-term financial payables	20,476	16,177	4,299
Short-term payables to banks and loans	117,984	48,539	69,445
Short-term lease payables	32,682	11,705	20,977
<b>Total</b>	<b>171,143</b>	<b>76,421</b>	<b>94,721</b>

The increase in short-term financial debts is related to the increase in the utilization of short-term bank credit lines in conjunction with the increase in working capital.

For details of medium- and long-term loans, see Note 17 Medium- and long-term payables.

Short-term financial payables include the short-term portion of the payable for lease contracts following the application of accounting standard IFRS16.

## Note 26 Trade payables

Trade payables at 31 December 2022 amounted to Euro 236,242 thousand (Euro 237,899 thousand at 31 December 2021) and represent the Group's debt to third parties for the supply of goods and services.

(Euro thousands)	31.12.2022	31.12.2021	Change
Payables to suppliers	236,242	237,899	(1,657)
<b>Total</b>	<b>236,242</b>	<b>237,899</b>	<b>(1,657)</b>

This item includes invoices to be received at the reporting date.

There are no agreements with special clauses underlying the trade payables that would result in reclassifications in the net financial position or require discounting of the amount recognized in the financial statements.

## Note 27 Tax payables

The breakdown of tax payables at 31 December 2022 and 31 December 2021 is as follows and corresponds to the allocation for current taxes for the year and other tax payables:

(Euro thousands)	31.12.2022	31.12.2021	Change
Income tax payables	6,579	15,853	(9,274)
Indirect taxes payables (VAT)	16,033	13,384	2,649
Other tax payables	8,634	3,658	4,976
<b>Total</b>	<b>31,246</b>	<b>32,895</b>	<b>(1,649)</b>

The item Other taxes mainly includes payables to the tax authorities with regard to employees.

## Note 28 Other current liabilities

Details of other current liabilities at 31 December 2022 and 2021 are as follows:

(Euro thousands)	31.12.2022	31.12.2021	Change
Advances received	36,243	31,677	4,565
Social security payables	10,052	11,791	(1,740)
Payables to personnel	29,994	36,383	(6,389)
Payables to agents	4,314	2,353	1,961
Other payables	18,551	15,943	2,608
<b>Total</b>	<b>99,153</b>	<b>98,148</b>	<b>1,005</b>

The item Payables to personnel mainly includes payables for salaries.

Other payables mainly include Euro 10,439 thousand of accrued expenses and deferred income and various provisions.

## Notes to the Income Statement

### Note 29 Revenues from sales and services

Sales revenues for the year increased from Euro 1,177,199 thousand in 2021 to Euro 1,333,828 thousand in 2022, an increase of 14%.

### Note 30 Other revenues and income

Details of other revenues and income for 2022 and 2021 are as follows:

(Euro thousands)	2022	2021	Change
Grants	1,926	1,082	844
Sale of scrap	2,944	2,828	116
Charge-back transport costs	22,922	12,961	9,961
Other revenues	5,929	5,253	676
<b>Total</b>	<b>33,721</b>	<b>22,125</b>	<b>11,596</b>

The item contributions mainly includes public grants obtained from the European Union for the Life C4R project aimed at fostering more environmentally sustainable production, grants obtained from the subsidiary Epta Quingdao aimed at fostering specific industrial investments, and capital bond revenues from the subsidiary Epta Argentina (other item in the table below). Among the "Other tax credits" we note in particular the credit for investments in capital goods.

The breakdown of contributions at 31 December 2022 are annexed below:

Project	Amount 31.12.2022
Project Life20	77
Fondimpresa	78
Energy/Gas Tax Credits	960
Other tax credits	305
Other	506
<b>Total</b>	<b>1,926</b>

The other revenue item mainly includes recoveries of expenses on export sales for charging duties to the customer, charging back guarantee costs incurred by the Group and re-charged to suppliers.

A breakdown of total consolidated revenues by Business Unit and by geographical area is as follows:

Euro thousands and percentage of net revenues	At 31 December 2022	%	At 31 December 2021	%	Changes 2022 vs 2021	
Revenues Retail BU	1,061,763	78%	942,618	79%	119,145	12.6%
Revenues After Sales BU	214,508	16%	175,948	15%	38,560	21.9%
Revenues Food & Beverage BU	89,577	7%	78,033	7%	11,544	14.8%
<b>Net Revenues</b>	<b>1,365,848</b>	<b>100%</b>	<b>1,196,599</b>	<b>100%</b>	<b>169,249</b>	<b>14.1%</b>
Non-core revenues	1,700		2,724		- 1,024	-37.6%
<b>Total Revenues</b>	<b>1,367,548</b>		<b>1,199,323</b>		<b>168,225</b>	<b>14.0%</b>

NET REVENUES in Euro thousands and as a percentage of revenues from sales and services	At 31 December 2022	%	At 31 December 2021	%	Changes 2022 vs 2021	
Italy (*)	175,381	13%	156,633	13%	20,449	13.1%
France (*)	241,836	18%	246,856	21%	5,020	-2.0%
Germany (*)	168,513	12%	162,941	14%	5,572	3.4%
United Kingdom (*)	116,192	9%	99,620	8%	16,572	16.6%
Other European countries (*)	242,371	18%	231,928	19%	10,443	4.5%
NAM (**)	197,724	14%	135,098	11%	62,626	46.4%
LATAM (***)	67,439	5%	40,927	3%	26,512	64.8%
APAC (****)	101,947	7%	93,196	8%	8,751	9.4%
Other countries	54,445	4%	29,400	3%	25,045	85.2%
<b>Net revenues</b>	<b>1,365,848</b>	<b>100%</b>	<b>1,196,599</b>	<b>100%</b>	<b>170,949</b>	<b>14.3%</b>
Non-core revenues	1,700		2,724		2,724	
<b>Total Revenues</b>	<b>1,367,548</b>		<b>1,199,323</b>		<b>168,225</b>	<b>14.0%</b>

Note (\*): EU Area

(\*\*): North and Central America

(\*\*\*): South America

(\*\*\*\*): Asia Pacific

### Note 29 Costs for raw and ancillary materials, consumables and goods

A breakdown of Costs for raw and ancillary materials, consumables and goods for 2022 and 2021 is as follows:

(Euro thousands)	2022	2021	Change
Purchase of raw materials	(604,438)	(525,664)	(78,774)
Change in finished products	(716)	19,569	(20,285)
<b>Total</b>	<b>(605,154)</b>	<b>(506,094)</b>	<b>(99,059)</b>

The increase compared to last year is related to the increase in volumes, as well as the average increase in raw material prices.

## Note 30 Costs for services

Details of the cost of services for 2022 and 2021 are as follows:

(Euro thousands)	2022	2021	Change
Maintenance	(10,081)	(7,525)	(2,556)
Commissions	(9,243)	(9,057)	(186)
Consultancy	(13,431)	(8,724)	(4,706)
Advertising costs	(1,863)	(1,620)	(243)
Transport	(58,149)	(44,575)	(13,574)
Travel costs	(15,683)	(10,240)	(5,443)
Costs for use of third-party assets	(16,633)	(11,607)	(5,026)
Other services	(184,458)	(162,463)	(21,995)
<b>Total</b>	<b>(309,540)</b>	<b>(255,810)</b>	<b>(53,730)</b>

The item Other services mainly comprises installation costs of Euro 122,934 thousand (Euro 107,213 thousand in 2021), costs for sub-supply contracts of Euro 16,980 thousand (Euro 14,902 thousand in 2021) and costs for outsourced processing of Euro 14,341 thousand (Euro 14,202 thousand in 2021).

The item "Lease and rental costs" relate to short-term individual contracts.

## Note 31 Personnel costs

Personnel costs for 2022 and 2021 consist of the following:

(Euro thousands)	2022	2021	Change
Wages and salaries	(256,298)	(237,536)	(18,762)
Social security costs	(61,192)	(54,013)	(7,179)
Other labour costs	(7,063)	(7,589)	526
<b>Total</b>	<b>(324,553)</b>	<b>(299,139)</b>	<b>(25,414)</b>

The Group's headcount at 31 December 2022 is 6,848.

The breakdown by workforce category is as follows:

Number of employees (point-in-time)	2022	2021	Change
Executives, staff and indirect	2,696	2,620	76
Direct, temporary and interim	4,152	3,770	382
<b>Total</b>	<b>6,848</b>	<b>6,390</b>	<b>458</b>

Labour costs reached Euro 324,553 thousand compared to Euro 299,139 thousand in 2021.

Labour costs include a provision of Euro 880 thousand for the new stock option plan.

## Note 32 Amortization and depreciation

The depreciation item, amounting to Euro 39,513 thousand, shows an increase of Euro 3,148 thousand compared to the 2021 financial year.

## Note 33 Provisions / Releases

The item Net provisions, amounting to Euro 834 thousand, shows a decrease of Euro 1,033 thousand compared to 2021 (Euro 1,866 thousand) mainly due to the provisions made during the year to support liabilities deemed probable.

## Note 34 Other operating costs

Other operating costs for 2022 and 2021 consist of the following:

(Euro thousands)	2022	2021	Change
Other operating costs	(5,343)	(4,498)	(845)
Other taxes and duties	(4,073)	(2,804)	(1,269)
<b>Total</b>	<b>(9,416)</b>	<b>(7,302)</b>	<b>(2,114)</b>

This increase is attributable to higher costs for participation in conferences and trade fairs, which resumed after the Covid-19 pandemic, and the increase in property taxes.

## Note 35 Financial income

Financial income and expense amounted to Euro 642 thousand (Euro 619 thousand in 2021) and mainly includes bank interest income.

## Note 37 Financial expenses

Finance expenses for 2022 and 2021 consist of the following:

(Euro thousands)	2022	2021	Change
Interest expense on mortgages and loans	(2,821)	(1,325)	(1,496)
Other financial expenses	(6,194)	(2,793)	(3,400)
Interest cost (IAS 19)	(167)	(170)	3
<b>Total</b>	<b>(9,182)</b>	<b>(4,288)</b>	<b>(4,893)</b>

The item other financial expenses includes Euro 1.7 million for interest on the bonds issued by Epta S.p.A. and Kysor Warren Epta US, subscribed by Pricoa, lease expenses under IFRS16, amounting to Euro 649 thousand (Euro 611 thousand in 2021), as well as the effects of Argentine hyper-inflation amounting to Euro 416 thousand.

Note 38 Foreign exchange gains/losses

Foreign exchange gains/losses for 2022 and 2021 consist of the following:

(Euro thousands)	2022	2021	Change
Foreign exchange gains/losses	(4,517)	(1,411)	(3,106)
Total	(4,517)	(1,411)	(3,106)

Note 39 Income taxes

Income taxes for 2022 and 2021 consist of the following:

(Euro thousands)	2022	2021	Change
Current taxes	(19,738)	(26,473)	6,736
Deferred tax assets and liabilities	4,273	(84)	4,357
Total	(15,465)	(26,559)	11,093

Financial risk management IFRS 7

Determination of fair value

The method used in determining fair value was as follows:

- › for financial assets and liabilities that are liquid or have a very short maturity, it is assumed that the book value approximates the fair value;
- › the fair value of hedging instruments was assessed using valuation models with market parameters with the support of consultants;

With regard to commercial items and other current assets and liabilities, the book value is considered a realistic approximation of fair value.

Fair Value - Hierarchy

The Group enters into derivative financial instruments with several banks with primary ratings in order to cover both interest rate risks and possible fluctuations in exchange rates. Interest rates are hedged via Interest rate swaps (IRS), whilst exchange rate hedges are carried out via forward purchases of foreign currency or forward contracts, primarily to cover any currency imbalances of subsidiaries.

Derivatives are valued using techniques that are based on market data.

The hierarchy of financial instruments measured at fair value, based on the valuation techniques used:

- › level 1: the valuation techniques use prices listed on an active market for the assets or liabilities subject to valuation;
- › level 2: the valuation techniques consider inputs other than the previous prices, but that can however be observed directly or indirectly on the market;
- › level 3: the techniques use inputs that are not based on observable market data.

For the Epta Group, the hierarchy of financial instruments measured at fair value is level 2.

For assets and liabilities recognized in the financial statements at fair value on a recurring basis, the Group determines whether there have been transfers between the hierarchy levels re-evaluating the categorization (based on the lowest level input that is significant for the purposes of the fair value measurement in its entirety) at each reporting date.

The Group determines the criteria and procedures for both recurring fair value measurements, such as investment properties and unlisted available-for-sale financial assets, and non-recurring measurements, such as discontinued assets held for distribution.

External appraisers are involved in the valuation of significant assets, such as real estate and financial assets held for sale, and significant liabilities, such as contingent consideration. This involvement is decided annually based on the Group's assessment and the approval of the Board of Statutory Auditors. Selection criteria include knowledge of the market, reputation, independence and compliance with professional standards. Normally appraisers are changed every three years. Following the discussion with external appraisers, the Group decides which evaluation techniques and which inputs to use for each case.

The following table provides a comparison of the fair value measurement values and hierarchy for the Epta Group's assets and liabilities:

Description	Notes	Book value	Fair value	Prices quoted in an active market	Significant observable inputs	Significant unobservable inputs
				(Level 1)	(Level 2)	(Level 3)
Instrumental land and buildings	1	114,746	114,746		114,746	
Property investments	2	1,450	1,450		1,450	
Derivative financial instruments	9	820	820		820	
Total assets		117,016	117,016	-	117,016	-

Risk management

The main risks, identified and actively managed by the Group, are as follows:

- › the market risk resulting from exposure to fluctuations in interest rates and exchange rates between the euro and the other currencies in which the Company operates;
- › liquidity risk deriving from the lack of financial resources to meet short-term commitments;
- › credit risk, which represents the risk of insolvency on the part of the Group's customers;
- › risk associated with the volatility of components and raw materials.
- › the risk of inflation resulting from the high rates that are characterizing industrialized countries.

Market risk: exchange rate risk

Exposure to the risk of fluctuations in exchange rates derives from the Group's operations in currencies other than the Euro, which could be reflected in the results of operations due to the translation of trade or financial receivables/payables denominated in foreign currency. In particular, the Group is exposed to this risk both with regard to the purchase of goods and materials from its suppliers, and with regard to the sale of products and services by the Group to its customers, in view of the possible time lag between the occurrence of the receivable/payable in foreign currency and the related financial realization. This impact, which is in any case considered to be limited, is managed, where possible, through the stipulation of structured contracts to hedge the average exposure in Euro of the UK subsidiary, and through the management of short-term debt positions in foreign currency (primarily Dollar) with maturities that coincide with collections from customers.

Sensitivity analysis

The economic effects of possible fluctuations in the exchange rates of the principal currencies, other than the Euro, with which the Group operates have been analysed, whilst holding all other variables constant.

It should be noted that this analysis does not include the effect on the consolidated financial statements of the conversion of the financial statements of subsidiaries denominated in foreign currency following a possible change in exchange rates.

This analysis was conducted on the Group's Revenues in currencies other than the Euro and similarly on the Group's Operating costs in currencies other than the Euro.

A general 1 % devaluation of all other currencies against the Euro would have a negative economic impact of Euro 0.3 million for the Group.

An analysis was carried out of the effects on the Group's income statement of the sensitivity of a possible change in interest rates, holding all other variables constant.

Market risk: interest rate risk

Interest rate risk consists of the risk that the value of a financial instrument, and/or the level of cash flows generated by it, changes as a result of fluctuations in market interest rates.

Therefore, changes in interest rates affect the cost of the various forms of financing, thus affecting the Group's net financial expense. The Group's policy is to limit the risk of interest rate fluctuations by entering into derivative hedging contracts. These hedging transactions have reference rates, maturities and amounts consistent with the underlying

medium/long-term loans. In addition, the Group limits the risk of interest rate fluctuations by entering into fixed-rate loan contracts.

Exposure to interest rate risk derives from the need to finance operating activities, both in their industrial and financial components, as well as to use available liquidity. This hedging policy enables the Group to mitigate its exposure to the risk of fluctuations in interest rates, which may have a negative or positive impact on the Group's operating results, indirectly influencing the costs and returns of financing and investment transactions.

Liquidity risk

Liquidity risk represents the risk that available financial resources may be insufficient to cover maturing obligations. At present, the Group believes that, with the generation of operating cash flow and the availability of financial resources and credit lines, it has sufficient sources of funding to meet its planned financial requirements.

The Group's cash flows, financing needs and liquidity are closely monitored and managed through: (i) maintaining an adequate level of available liquidity; (ii) diversification of the instruments used to raise financial resources; (iii) obtaining adequate credit lines; (iv) monitoring prospective liquidity conditions, in relation to the corporate planning process.

Credit risk

Commercial transactions: the Group typically operates with medium to large counterparties. Credit risk represents the risk of insolvency on the part of customers in delaying or failing to meet their payment obligations in the agreed terms and conditions with which the Group is exposed. To mitigate this risk, a number of actions have been taken:

- › definition of a credit limit procedure to monitor the creditworthiness of each individual customer;
- › use of specific customer monitoring tools (D&B, Lince, etc.);
- › activation of a credit insurance procedure to cover part of the risk.

Financial transactions: the Group carries out transactions with leading domestic and international institutions, whose rating is monitored in order to limit the risk of counterparty default.

There are no situations of credit concentration.

Component and raw material volatility risk

Component and raw material volatility risk represents the risk to which the Group is subject of fluctuations, even significant, in the prices of components and raw materials used by suppliers for the production of components and semi-finished products by the Group.

Inflation risk

High rates of inflation are being experienced in industrialized countries, historically unaffected by this phenomenon, such as Europe and to some extent the United States and the United Kingdom. In Asia, the phenomenon is momentarily subdued but the outlook is for growth.

Inflation can have major implications for the Group's profitability, also considering the effects on interest rates and currency depreciation.

The mitigation actions implemented by the Group are as follows:

- › activation of a raw material price monitoring system in order to periodically assess the need to adjust the selling price of

products.

- adoption of a Pricing passthrough procedure that involves both a frequent revision of price lists in order to reflect cost increases in the sales price and a monitoring of trade margins.

Note 41 Transactions with related parties

The company has approved a procedure for the identification of related parties, which include Shareholders, Directors, Top management and the management of subsidiaries, as well as Group companies.

Transactions with related parties essentially concern both the supply of goods and services and the provision and use of financial resources. All transactions are conducted on an arm's length basis and there are no atypical or unusual transactions.

The following related party transactions took place during the year:

Trade and financial receivables and payables

(amounts in Euro thousands)				
Related party	31.12.2022			
	Receivables	Financial receivables	Payables	Financial payables
Epta HDP S.p.A.	6			
Finno S.r.l.			1	
Irene S.p.A.	6			
ANIMA Federazione delle Associazioni Nazionali dell'Industria Meccanica Varia ed Affine			-	
Total	12	-	1	-

Costs and revenues related to 2022

(amounts in Euro thousands)				
Related party	31.12.2022			
	Revenues	Financial revenues	Costs	Financial costs
Epta HDP S.p.A.	17			
Finno S.r.l.	7		126	
Irene S.p.A.	21			
ANIMA Federazione delle Associazioni Nazionali dell'Industria Meccanica Varia ed Affine			62	
Board of Directors			1,567	
Employees			3,455	
Total	45	-	5,210	-

The following transactions took place during the year with the following companies and the parent company:

Trade and financial receivables and payables

(amounts in Euro thousands)	Trade receivables	Trade payables	Financial receivables	Financial payables
EPTA Deutschland GmbH	6,635	526	-	48,058
Epta France S.A.S.	10,342	3,252	-	30,375
Epta Peru S.A.C.	66	-	-	-
Epta Chile S.p.A.	9,278	-	-	-
Epta UAE Technical Services LLC	3,088	13	302	-
Epta Iberia S.A.U.	1,340	193	-	22,719
Epta (Qingdao) Retail Equipment Co	888	23	-	-
EPTA Argentina S.A.	8,841	496	-	-
Epta Istanbul Sogutma Sistemleri San Tic. Ltd Sti	2,070	2,551	100	2,233
Epta Uk Ltd	2,351	185	12,506	-
Epta International Kft	9,103	554	-	19,186
Epta Austria GmbH	225	179	-	3,600
Epta Refrigeration Portugal S.A.	1,289	-	2,000	-
Knudsen Køling A/S	3,182	9	-	-
Epta Norway A/S	46	(3)	64	-
Epta Technical Services Riyadh LLC	2,164	-	-	-
Epta Suomi Oy	812	110	-	-
Epta Australia PTY Ltd	3,013	3	974	-
Epta Refrigeration Philippines, Inc.	1,581	-	-	-
Epta Polska s.p z.o.o.	3,129	-	-	-
Epta Asia Pte. Ltd.	2,715	9	-	-
Iarp Asia Co Ltd	1,054	0	-	-
Iarp Services Co., Ltd.	62	-	-	-
Epta Andina S.A.	117	-	-	-
Epta Romania	610	-	5,276	-
DAAS IMPEX SRL	4,656	23	-	-
Kysor Warren Epta US Corporation	8,469	-	17,995	-
Kysor Warren De Mexico S. De R.L. De C.V.	663	-	-	-
Epta Costa Rica Ltda	50	-	-	-
Epta Guatemala SA	128	-	-	-
Sofrico S.A.R.L.	331	-	-	-
Total	88,298	8,123	39,218	126,170

**Costs and revenues related to 2022**

<b>RELATED PARTY</b> (amounts in Euro thousands)	<b>Revenues</b>	<b>Financial revenues</b>	<b>Costs</b>	<b>Financial costs</b>
EPTA Deutschland GmbH	54,537	-	(442)	(399)
Epta Refrigeration (M) Sdn Bhd	-	-	-	-
Epta France S.A.S.	120,384	15,039	(7,994)	(319)
Epta Peru S.A.C.	26	-	-	-
Epta Chile S.p.A.	9,793	-	-	-
Epta Technical Services UAE LLC	703	13	(3)	-
Epta Iberia S.A.U.	13,995	-	(183)	(178)
Epta (Qingdao) Retail Equipment Co	831	1,244	(1)	-
EPTA Argentina S.A.	1,749	-	(50)	-
Epta Andina S.A.	44	-	-	-
EPTA Istanbul Ltd Sti	1,992	2	(10,207)	(151)
Epta Uk Ltd	18,343	183	(466)	-
EPTA International Kft	68,407	30	(431)	(125)
Epta Austria GmbH	3,272	-	(205)	(36)
Knudsen Køling A/S	4,675	2	(138)	-
Epta Norway A/S	-	2	-	-
Epta Technical Services Riyadh LLC	1,250	-	-	-
Epta Suomi Oy	2,507	-	9	-
Epta Australia PTY Ltd	4,669	29	-	-
Epta Refrigeration Philippines Inc	321	-	-	-
Epta Polska sp Zoo	5,310	-	-	-
Epta Refrigeration Portugal S.A.	1,595	34	-	-
Epta Asia Pte. Ltd.	5,813	5,000	-	-
Iarp Asia Co Ltd	1,626	-	(164)	-
Iarp Services Co., Ltd.	71	-	-	-
Epta Vietnam Ltd	9	-	-	-
Epta Swisse A.G.	3	-	-	-
Epta Romania	1	345	-	-
DAAS IMPEX SRL	14,123	-	(23)	-
Kysor Warren Epta US Corporation	9,319	593	(1)	-
Kysor Warren De Mexico S. De R.L. De C.V.	2,178	3,171	1	-
Epta Costa Rica Ltda	212	-	-	-
Epta Guatemala SA	125	-	-	-
Sofrico S.A.R.L.	726	-	-	-
<b>Total</b>	<b>348,654</b>	<b>25,685</b>	<b>(20,299)</b>	<b>(1,207)</b>

**Note 42 Commitments, guarantees and contingent liabilities**

The Parent Company has issued guarantees on behalf of consolidated companies totalling Euro 151,141 thousand. The purpose of these contracts is mainly to protect credit lines for short-term bank borrowing and exchange rate hedging. On behalf of Group Companies, guarantees were issued by banks to protect suppliers, customers and public bodies (Euro 13,081 thousand) and tax collection authorities (Euro 1,565 thousand).

At the reporting, date the Parent Company and its subsidiaries are involved in a number of disputes, both of a fiscal nature and relating to ordinary operations. At present the Group, supported by its specially appointed consultants, is defining the open positions for which no probable risks are foreseen.

**Significant events after year-end**

Operating information available after 31 December 2022 shows a revenue and order trend in line with the 2023-2026 business plan approved by the Company's Board of Directors.

The sharp rise in material and logistics costs seems to have subsided, although signs of further price pressure are coming from the forwards of some raw materials. This could lead to further pressure on margins, although the Group is gradually passing the increases on to the customer.

It should be noted that in February 2023 the Dusseldorf trade fair - Euroshop - will be held, in which the Epta Group will participate to present its innovative product and service proposals, particularly in relation to products and services with environmental, energy saving and aesthetic impact. At the moment, the response from visitors, in terms of requested appointments, has been excellent, indicating that customers want to return to physical meetings after the pandemic period.

The terrible earthquake that struck south-east Turkey and northern Syria on 6 February 2023 and claimed thousands of lives, did not affect Epta Istanbul, based in Çorlu, in the west of the country. However, the company took action to support the affected population.

**Other information**

Disclosure pursuant to Law 124/17

In accordance with the provisions of Law no. 124 article 1 paragraph 125-quinquies of 4 August 2017, the Company has benefited from aid subject to mandatory publication in the National Register of State Aid, to which reference should be made.

**Remuneration of Directors and Board of Statutory Auditors**

The fees due to the Parent Company's Directors and Board of Statutory Auditors for carrying out these functions in the Parent Company and in other consolidated companies amounted to Euro 983 thousand and Euro 103 thousand, respectively.

The audit fees paid to the independent auditors BDO S.p.A. and the companies belonging to the network for the legal audit services at 31 December 2022 totalled Euro 530 thousand.

Milan, 24 February 2023

for the Board of Directors

**Cav. Lav. Marco Nocivelli - Chair**

## 5. ANNEXES TO THE FINANCIAL STATEMENTS

- 5.1 Consolidation perimeter
- 5.2 Methodological note
- 5.3 Reporting guidelines and process
- 5.4 Reporting period
- 5.5 Reporting perimeter
- 5.6 Table of GRI indicators
- 5.7 Auditors Reports

5.1

# Consolidation perimeter

Company Name	Registered Office	Country	Currency	Share capital in foreign currency (thousands)	Controlling share	Consolidation method
EPTA S.p.A.	Milan	Italy	Euro	69,998		Parent Company
Epta Austria GmbH	Vienna	Austria	Euro	800	100	Global integration
Epta Refrigeration Denmark ApS	Koge	Denmark	DKK	500	100	Global integration
Knudsen Køling A/S	Koge	Denmark	DKK	7,000	100	Global integration
Epta Suomi Oy	Vantaa	Finland	Euro	44	90	Global integration
Epta Developpment S.A.S.	Chatou	France	Euro	37	100	Shareholders' equity
Epta France S.A.	Hendaye	France	Euro	33,000	100	Global integration
Epta Rack S.A.	Chatou	France	Euro	50	100	Global integration
Misa France S.a.r.l.	Marseille	France	Euro	400	100	Global integration
Epta Deutschland GmbH	Mannheim	Germany	Euro	3,700	100	Global integration
Epta Norway AS	Oslo	Norway	NOK	283	100	Global integration
Epta Polska Spa. Z.o.o.	Krakow	Poland	PLN	5	100	Global integration
Epta Refrigeration Portugal S.A.	Oporto	Portogallo	Euro	50	100	Global integration
Epta Cold Service Ltd	Ringwood	United Kingdom	GBP	1	100	Global integration
Epta UK Ltd	Bradford	United Kingdom	GBP	1	100	Global integration
Epta Service Uk Ltd	Bradford	United Kingdom	GBP	2	100	Global integration
DAAS Impex Srl	Ploiesti	Romania	RON	113	100	Global integration
Epta Refrigeration Romania Srl	Bucharest	Romania	RON	45	100	Global integration
Epta Iberia S.A.	Madrid	Spain	Euro	70	100	Global integration
Epta (Suisse) A.G.	Lugano	Switzerland	CHF	100	100	Global integration
Epta İstanbul Sogutma Sistemleri Sanayi ve Ticaret Limited Şirketi	Ergene	Turkey	Euro	2,086	100	Global integration
Epta International Kft	Budapest	Hungary	Euro	50	100	Global integration
Epta Argentina S.A.	Rosario	Argentina	ARS	1,157,970	100	Global integration
Epta Chile S.A.	Santiago	Chile	CLP	32,734	100	Global integration
Epta Andina S.A.	Baranquilla	Colombia	COP	184,483	100	Global integration
Epta Costa Rica Ltda	Santa Ana	Costa Rica	CRC	100	100	Global integration
Epta Guatemala Sociedad anonima	Guatemala	Guatemala	GTQ	128	100	Global integration

CONTINUED

Company Name	Registered Office	Country	Currency	Share capital in foreign currency (thousands)	Controlling share	Consolidation method
Kysor Warren de Mexico S.De L.R. De C.V.	Tlalnepantla de Baz	Mexico	MXN	68,808	100	Global integration
Kysor Warren Services S.De L.R. De C.V.	Tlalnepantla de Baz	Mexico	MXN	3	100	Global integration
Epta Perú S.A.C.	Lima	Peru	PEN	1	99.9	Global integration
Kysor Warren Us Corporation	Columbus	USA	USD	-	100	Global integration
Epta Technical Services KSA LLC	Riyadh	Saudi Arabia	SAR	500	100	Global integration
Epta Australia PTY Ltd	Melbourne	Australia	AED	-	100	Global integration
Epta Qingdao Retail Equipment Co	Qingdao	China	CNY	89,518	100	Global integration
Epta Technical Services UAE LLC	Dubai	United Arab Emirates	AED	300	49	Global integration
Epta Refrigeration Philippine, Inc	Makati City	Philippines	PHP	124,795	100	Global integration
Epta Refrigeration (M) Sdn Bhd	Subang Jaya	Malaysia	MYR	250	100	Global integration
Sofrico S.A.R.L.	Dumbea	New Caledonia	CPF	1,000	82	Global integration
Epta Asia Pte Ltd	Singapore	Singapore	Euro	312	100	Global integration
Iarp Asia Co., Ltd	Cha-Am	Thailand	THB	550,000	100	Global integration
Iarp Services Co., Ltd.	Bangkok	Thailand	THB	2,000	49	Global integration

The Integrated Financial Statements is the tool through which Epta communicates the results of its sustainability journey to stakeholders.

## 5.2

# Methodological note

From 2010 to 2020, we published an annual Sustainability Report, a document that not only shows the integration between economic, social and environmental sustainability implemented in the company's decision-making processes, strategy and governance, but also the way in which we interact with and involve our Stakeholders who, directly or indirectly, are interested in the organization's activities.

From the financial year 2021, the Integrated Financial Statements have replaced the Annual Report and the Sustainability Report in order to meet the need to communicate a responsible path of sustainable behaviour, practices and products, which we have been pursuing for years.

## 5.3

# Guidelines and Reporting Process

These Integrated Financial Statements have been organized according to the framework of the six Capitals of Integrated Reporting (Financial, Productive, Intellectual, Relational, Human and Natural) with, in addition, an introductory section called "Corporate Identity" where information related to the governance structure, key practices and policies active along the entire Epta value chain has been collected.

The Integrated Financial Statements were prepared by applying the standards of the Global Reporting Initiative (GRI) according to the "with reference to" option. Specifically, Epta referred to:

- the "GRI Universal Standards" issued in 2021 and officially entered into force on 1 January 2023;
- the "GRI Topic Standards" issued in 2016, some of which were then updated in subsequent years.

Although not part of the obligations dictated by Legislative Decree 254/2016, Epta's reporting pays particular attention to the issues and areas dictated by the aforementioned decree: the issues are amply represented through the reporting of timely information and numerous initiatives implemented; for further details, please refer to the materiality analysis and correlation tables presented at the beginning of the chapters referring to capital.

With regard to the processes in place, the organization has, for years, been equipped with the 231 Organizational Model and has drawn up specific policies and corporate models aimed at monitoring and improving non-financial performance, including the Enterprise Risk Management model; for further details, see the paragraph "Corporate governance and risk management".

The Company is constantly striving to improve its corporate communication on sustainability and has set itself a list of goals in order to contribute to the transition to a fully sustainable and inclusive economic and financial system.

In order to draw up the Integrated Financial Statements, an involvement process was implemented that saw the active contribution of the entire organizational structure of the Group companies included in the reporting scope (see Section 5.5).

The reporting process was based on the company's existing information systems - management control, accounting, quality, environment, internal audit, safety, personnel management, etc. - which were integrated with specific data collection and analysis tools. The data was processed through point-in-time extractions and calculations and estimates were used to report specific information appropriately reported.

Below are the reporting principles adopted to define the content of the Report.

Reporting Principles	Application Method
Accuracy	Reporting correct information in sufficient detail to allow an assessment of its impacts.
Balance	Reporting information objectively by providing a fair representation of its negative and positive impacts.
Clarity	Presenting information in an understandable and accessible manner.
Comparability	Selecting, compiling and reporting information in a uniform manner to enable an analysis of changes in its impacts over time and an analysis of those impacts compared to other organizations.
Completeness	Providing sufficient information to enable an evaluation of its impacts during the reporting period.
Sustainability Context	Reporting on its impacts in the broader context of sustainable development.
Timeliness	Reporting information on a regular basis and making it available in due time to enable data users to make decisions.
Verifiability	Collecting, recording, compiling and analysing data so that the information can be examined to establish its quality.

The 2022 Integrated Financial Statements have been audited by a specially appointed auditing firm. The reference standard used for the certification of the document is the international auditing standard "International Standard on Assurance Engagements 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter also "ISAE 3000 Revised"), issued by the "International Auditing and Assurance Standards Board" (IAASB).

The 2022 Integrated Financial Statements were approved by the Epta Board of Directors on 24/02/2023.

## 5.4 Reporting period

The information included in the Integrated Financial Statements refers to the period **01/01/2022 - 31/12/2022**, unless otherwise indicated in the text, with a comparison with previous years.

# 5.5

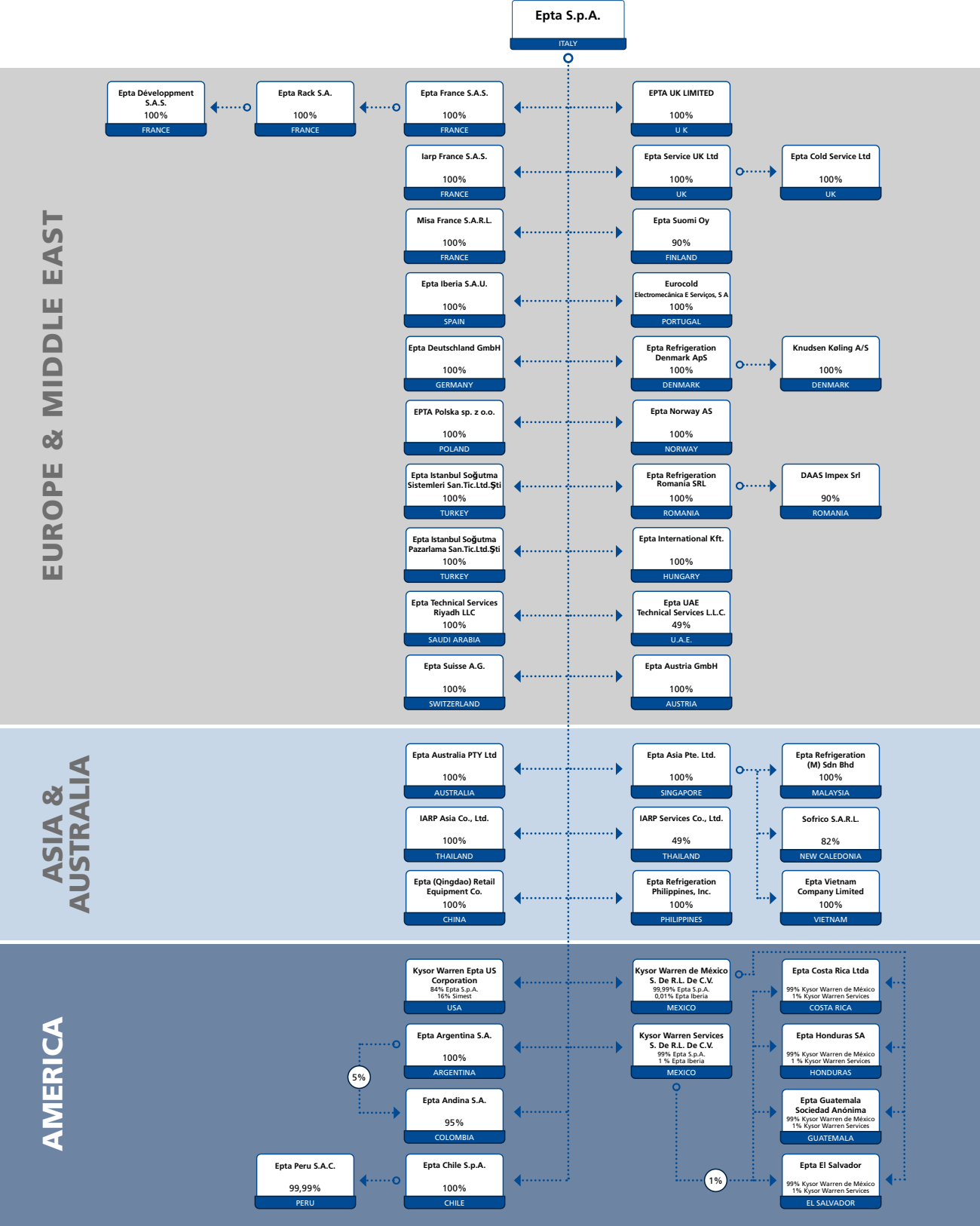
## Reporting perimeter

The scope of the 2022 Integrated Financial Statements includes all companies within the Epta full scope of consolidation at 31 December 2022 as shown in the image below.

For the non-financial part of the financial statements, all the companies to which the main impacts on the environment, people and the economy are connected have been included in the scope, including all the group's production sites and, in some respects, also the main business locations.

Site	Country	Description
Epta S.p.A.	Italy	Headquarters
Epta Argentina	Argentina	Production site
Epta France	France	Production site
Epta S.p.A. - Casale	Italy	Production site
Epta S.p.A. - Limana	Italy	Production site
Epta S.p.A. - Pomezia	Italy	Production site
Epta S.p.A. - Solesino	Italy	Production site
Epta Istanbul	Turkey	Production site
Epta Qingdao	China	Production site
Epta UK	United Kingdom	Production site
IARP Thailand	Thailand	Production site
DASS	Romania	Commercial office
Epta Deutschland	Germany	Commercial office
Epta Iberia	Spain	Commercial office
Epta International	Hungary	Commercial office

Where there have been limitations to the information reported, these have been appropriately noted in the text.



5.6

Table of GRI indicators

DISCLOSURE NUMBER	TITLE OF DISCLOSURE	REFERENCE IN THE TEXT	NOTES OR OMISSIONS
GENERAL DISCOSURES [GRI 2-2021]			
2-1	Organizational details	Page 196, 197	
2-2	Entities included in the organization's sustainability reporting	Page 202	
2-3	Reporting period, frequency and contact point	Pages 198, 201, 216	
2-4	Restatements of information	Page 127	For the environmental part
2-5	External assurance	Page 209, 210	
2-6	Activities, value chain and other business relationships	Pages 14, 18, 20-23, 62	
2-7	Employees	Page 115	
2-9	Governance structure and composition	Pages 28 - 31	
2-11	Chair of the highest governing body	Page 31	
2-12	Role of the highest governance body in overseeing the management of impacts	Page 49	
2-13	Delegation of responsibility for managing impacts	Page 49	
2-14	Role of the highest governance body in sustainability reporting	Page 51, 198, 199, 200	
2-15	Conflicts of interest	Page 32	
2-16	Communication of critical concerns	Page 42	During 2022, no reports (whistleblowing) were received for violations of internal regulations and the Code of Ethics.
2-17	Collective knowledge of the highest governance body	Page 36	
2-18	Evaluation of the performance of highest governance body	Page 30	
2-19	Remuneration policies	Page 121	
2-22	Statement on sustainable development strategy	Pages 6 - 7	
2-25	Processes to remediate negative impacts	Pages 42 - 47, 104	
2-26	Mechanisms for seeking advice and raising concerns	Page 33	
2-28	Membership associations	Pages 56 - 65	
2-29	Approach to stakeholder engagement	Page 50	
2-30	Collective bargaining agreements	Page 115	
MATERIAL TOPICS [GRI 3-2021]			

CONTINUED

DISCLOSURE NUMBER	TITLE OF DISCLOSURE	REFERENCE IN THE TEXT	NOTES OR OMISSIONS
3-1	Process to determine material topics	Page 50	
3-2	List of material topics	Page 51	
BUSINESS CONTINUITY AND ABILITY TO REACT AND ADAPT			
3-3	Management of material topics	Page 26	
201-4	Financial assistance received from government	Page 182	
415-1	Political contributions	-	Not given
WORK ETHICS, INTEGRITY AND COMPLIANCE			
3-3	Management of material topics	Page 26, 33	
205-1	Operations assessed for risks related to corruption	Page 33	
205-3	Confirmed incidents of corruption and actions taken	-	During 2022, there were no proven cases of corruption in the organization.
402-1	Minimum notice periods regarding operational changes	-	The minimum notice period for operational changes is regulated by law and depends on the country in question.
PRIVACY, DATA PROTECTION, INFORMATION SECURITY			
3-3	Management of material topics	Page 26	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	The organization did not identify any incidents of privacy breaches and loss of customer data.
GOVERNANCE AND MANAGEMENT OF SUSTAINABILITY RISKS			
3-3	Management of material topics	Page 26, 36	
INNOVATION AND DIGITALIZATION			
3-3	Management of material topics	Page 54	
PRODUCT CONFORMITY AND QUALITY STANDARDS			
3-3	Management of material topics	Page 54	
CUSTOMER SATISFACTION			
3-3	Management of material topics	Page 54	
416-1	Assessment of health and safety impacts of product and service categories	Page 56	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	Not found
RESPONSIBLE MARKETING			

CONTINUED

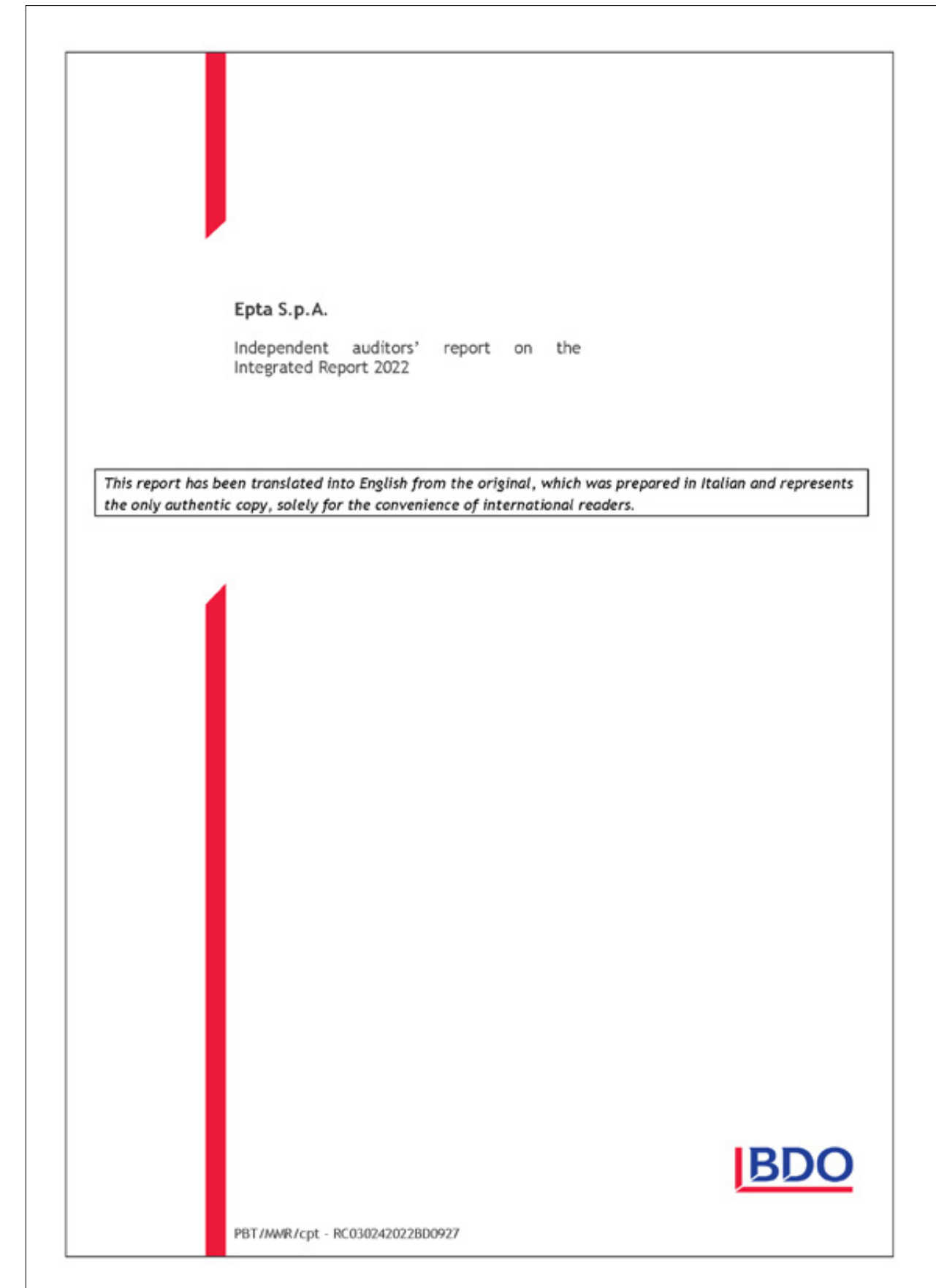
DISCLOSURE NUMBER	TITLE OF DISCLOSURE	REFERENCE IN THE TEXT	NOTES OR OMISSIONS
3-3	Management of material topics	Page 54	
417-1	Requirements for product and service information and labeling	Page 58	
417-2	Incidents of non-compliance concerning product and service information and labeling	-	Not found
417-3	Incidents of non-compliance concerning marketing communications	-	Not found
ECONOMIC PERFORMANCE AND WEALTH DISTRIBUTION			
3-3	Management of material topics	Page 78	
201-1	Direct economic value generated and distributed	Page 96	
203-1	Infrastructure investments and services supported	Page 182	
SUSTAINABLE PROCUREMENT PRACTICES			
3-3	Management of material topics	Page 78	
301-1	Materials used by weight or volume	Page 63	
MANAGING GREENHOUSE GAS EMISSIONS AND COMBATING CLIMATE CHANGE			
3-3	Management of material topics	Page 122	
305-1	Direct (Scope 1) GHG emissions	Page 127	
305-2	Energy indirect (Scope 2) GHG emissions	Page 127	
305-5	Reduction of GHG emissions	Page 126	
ENERGY MANAGEMENT, ENERGY EFFICIENCY AND RENEWABLES			
3-3	Management of material topics	Page 122	
302-1	Energy consumption within the organization	Page 127	
302-3	Energy intensity	Page 127	
302-4	Reduction of energy consumption	Page 127	
302-5	Reductions of energy requirements of products and services	Page 127	
WATER MANAGEMENT			
3-3	Management of material topics	Page 122	
303-1	Interactions with water as a shared resource	Page 128	
303-5	Water consumption	Page 128	
PROTECTION OF BIODIVERSITY			
3-3	Management of material topics	Page 122	
PROCUREMENT, WASTE MANAGEMENT, CIRCULAR ECONOMY			
3-3	Management of material topics	Page 122	
306-3	Waste generated	Page 129	
306-4	Waste diverted from disposal	Page 129	
306-5	Waste directed to disposal	Page 129	
HEALTH AND SAFETY			

CONTINUED

DISCLOSURE NUMBER	TITLE OF DISCLOSURE	REFERENCE IN THE TEXT	NOTES OR OMISSIONS
3-3	Management of material topics	Page 112	
403-1	Occupational health and safety management system	Page 120	
403-2	Hazard identification, risk assessment and incident investigation	Page 120	
403-4	Worker participation, consultation, and communication on occupational health and safety	Page 120	
403-5	Worker training on occupational health and safety	Page 116	
403-6	Promotion of worker health	Page 121	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 112, 113	
403-9	Work-related injuries	Page 120	
ABILITY TO ATTRACT AND RETAIN RESOURCES			
3-3	Management of material topics	Page 112	
404-1	Average hours of training per year per employee	Page 116	13.8 hours for male staff, 17.7 for female staff.
404-2	Programs for upgrading employee skills and transition assistance programmes	Page 116	
RESPECT FOR THE PERSON AND HUMAN RIGHTS			
3-3	Management of material topics	Page 112	
406-1	Incidents of discrimination and corrective actions taken	-	The organization has not identified any incidents of discrimination
411-1	Incidents of violations involving rights of indigenous peoples	-	The organization has not identified any incidents or violations involving indigenous peoples' rights
413-2	Operations with significant actual and potential negative impacts on local communities	-	The organization has not identified any current or potential impacts that may affect local communities.
ROLE OF WOMEN AND EQUAL OPPORTUNITIES			
3-3	Management of material topics	Page 112	
405-1	Diversity of governance bodies and employees	Pages 30 and 115	
405-2	Ratio of basic salary and remuneration of women to men	-	This is governed by the laws applied in the individual countries where the organization operates.
WORKERS' WELL-BEING, WELFARE AND WORK-LIFE BALANCE			
3-3	Management of material topics	Page 54	

## 5.7

# Auditors Reports





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## Independent auditors' report on the Integrated Report 2022

To the Board of Directors of  
Epta S.p.A.

We have been engaged to perform a limited assurance engagement on the Integrated Report of Epta S.p.A. (the "Company") for the year ended on December 31<sup>st</sup>, 2022.

### Directors' responsibility on the Integrated Report

The Directors of Epta S.p.A. are responsible for the preparation of the Integrated Report in accordance with the "GRI Sustainability Reporting Standards (GRI Standards)" issued by the GRI - Global Reporting Initiative, as described in the paragraph "Methodology" of the Integrated Report.

The Directors are responsible for that part of the internal control that they consider necessary in order to enable the preparation of a Integrated Report that is free from material misstatements, whether due to frauds or unintentional behaviors or events.

The Directors are also responsible for the definition of the objectives regarding the sustainability performance and the reporting of the achieved results, as well as for the identification of the stakeholders and the significant matters to report.

### Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behaviour.

Our audit firm applies the International Standards on Quality Control 1 (ISQC Italia 1) and, consequently, maintains a quality control system that includes documented policies and procedures, regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

### Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the Integrated Report with the requirements of the GRI Standards. We conducted our work in accordance with the principles included in the "International Standard on Assurance Engagements 3000 (Revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This standard requires the planning and execution of procedures in order to obtain limited assurance that the Integrated Report is free from material misstatement.

Therefore, the extent of work performed in our examination was lower than that required for a full examination in accordance with ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would have been identified during a reasonable assurance engagement.

The procedures performed on the Integrated Report were based on our professional judgement and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the Integrated Report, document analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

Bari, Bologna, Brescia, Cagliari, Firenze, Genova, Milano, Napoli, Padova, Palermo, Roma, Torino, Verona

**BDO Italia S.p.A.** - Sede Legale: Viale Abruzzi, 94 - 20131 Milano - Capitale Sociale Euro 1.000.000 i.v.  
Codice Fiscale, Partita IVA e Registro Imprese di Milano n. 07722780967 - R.E.A. Milano 1977842  
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BDO Italia S.p.A., società per azioni italiana, è membro di BDO International Limited, società di diritto inglese (company limited by guarantee), e fa parte della rete internazionale BDO, network di società indipendenti.



In particular, we have performed the following procedures:

1. analysis of the process relating to the definition of material aspects included in the Integrated Report, with reference to the criteria applied to identify priorities for the different stakeholder categories and to the internal validation of the process results;
2. comparison of economic and financial data included in the specific paragraph of the Integrated Report with those included in the Financial Statements of the Company;
3. analysis of processes that support the generation, collection and management of data and information to the department responsible for the preparation of the Integrated Report. In particular, we have performed interviews and discussions with the management of Epta S.p.A. to gather information about the accounting and reporting systems used in preparing the Integrated Report, as well as on the internal control procedures supporting the gathering, aggregation, processing and transmission of data and information to the department responsible for the preparation of the Integrated Report.

Furthermore, for the most important information, taken into consideration the activities and the characteristics of the Company:

- with reference to the qualitative information contained in the Integrated Report, we carried out interviews and we have acquired supporting documentation to verify their consistency with the available evidence;
- with reference to quantitative information, we carried out both analytical procedures and limited checks to ascertain the correct aggregation of data on a sample basis.

### Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Integrated Report of Epta S.p.A for the period ended on December 31<sup>st</sup>, 2022 is not prepared, in all material respects, in accordance with the "GRI Sustainability Reporting Standards (GRI Standards)" issued by the GRI - Global Reporting Initiative, as stated in the paragraph "Methodology" of the Integrated Report.

Milan, March 9<sup>th</sup> 2023

BDO Italia S.p.A.

Paolo Beretta  
Partner

*This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.*

Epta S.p.A.

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39

Consolidated Financial Statements as at 31 December, 2022

*This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.*



PBT/MMR/cpt - RC030242022BD0926



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## Independent auditor's report pursuant to article 14 of Legislative Decree n. 39

To the shareholder of Epta S.p.A.

Report on the consolidated financial statements

### Opinion

We have audited the consolidated financial statements of Epta Group (the "Group") included in the attached Financial Statements Integrated, which comprise the statement of financial position as at December 31, 2022, income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements give a true and fair view of the financial position of the Company as at December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *auditor's responsibilities for the audit of the financial statements* section of this report. We are independent of the company in accordance with ethical requirements and standards applicable in Italy that are relevant to the audit of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of management and those charged with governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and, within the limits of the law, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management 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 management either intends to liquidate the holding Epta S.p.A. 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.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 the audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Seri, Bologna, Brescia, Cagliari, Firenze, Genova, Milano, Napoli, Padova, Palermo, Roma, Torino, Verona

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iscritta al Registro dei Revisori Legali al n. 167911 con D.M. del 15/03/2013 G.U. n. 26 del 02/04/2013  
BDO Italia S.p.A., società per azioni italiana, è membro di BDO International Limited, società di diritto inglese (company limited by guarantee), e fa parte della rete internazionale BDO, network di società indipendenti.



- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of non 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 and 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 principles used and the reasonableness of accounting estimates and related disclosures made management;
- Conclude on the appropriateness of management's use of the going concern and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- 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 in a manner that achieves fair presentation;
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or 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 on the consolidated financial statements.

We communicate with those charged with governance, identified at the appropriate level as required by the ISA Italia, 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.



#### Report on other legal and regulatory requirements

##### Opinion pursuant to article 14, paragraph 2, letter e), of Legislative Decree n. 39/10.

The directors of Epta S.p.A. are responsible for the preparation of the Group report on operations as at 31 December 2022, including its consistency with the consolidated financial statements and the compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations, with the consolidated financial statements of Epta Group as at 31 December 2022 and on its compliance with the applicable laws and regulations, and in order to assess whether its contain material misstatements.

In our opinion, the report on operations is consistent with the consolidated financial statements of Epta Group as at 31 December 2022 and is compliant with applicable laws and regulations.

With reference to the assessment pursuant to article 14, paragraph. 2, letter e), of Legislative Decree n. 39/10 based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, 9<sup>th</sup> March 2023

BDO Italia S.p.A.

Paolo Beretta  
Partner

*This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.*

# Contacts

For comments, requests, opinions and suggestions for improvement on Epta's sustainability activities and the information contained within this Integrated Report, please contact:

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