Integrated Financial Statements 2023

Epta

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!

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Highlights 2023

FINANCIAL Capital

1,432 mln euro REVENUES

144 mln euro Adjusted EBITDA

56 mln euro NET PROFIT

HUMAN Capital

6,979 employees #EptaPeople

See reporting perimeter on p. 233

137,606 hours of training (~20per person)

12.13 accident frequency (per million hours worked)

Productive Capital

11 production plants

100% products available with natural refrigerants

100 Countries served in the world

SOCIAL AND RELATIONAL CAPITAL

40 participation in trade Fairs and Conferences

4 new awards obtained in 2023

Sustainability Award Top 100

COOLING INDUSTRY AWARDS 2023

INTELLECTUAL Capital

270 engineers in the R&D area

11 R&D centers of which 1 Innovation Center

33.9 mln euro invested in innovation

NATURAL CAPITAL

-0.23% consumption of H_2O (vs. 2022)

90.5% recycled waste

-31% CO_2 emissions (vs. 2021)

Message to Stakeholders

Dear Readers,

the new edition of our Integrated Report represents the culmination of a three-year journey dedicated to telling the story of our commitment to integrating business aspects with the generation of ever-improving social and environmental impacts, in a synergistic vision that inspires every aspect of corporate life.

Every year we strive to improve the transparency, completeness and accessibility of our reporting so that more and more stakeholders can fully understand the numbers and strategies that define Epta's ability to create shared and sustainable long-term value.

In spite of a still extremely unstable global context, we can boast a still growing economic-financial performance, with a turnover of Euro 1,432 million and a double-digit EBITDA (10.1%), confirming our aptitude to realize our industrial potential by limiting our recourse to short/medium-term debt.

The first milestone of the year was in February, with our participation in the 2023 edition of Euroshop, the most important retail trade fair in the world: it was not only a time to meet and reunite live with our customers after the pandemic years, but also an important occasion for all our people to see all the efforts made over the last three years from an organizational, technological and human point of view celebrated in a prestigious showcase.

For the occasion, we presented "Green-Facts", concrete facts that address the contemporary needs of retailers by innovatively addressing key issues such as the search for innovative plant technologies, the green transition to sustainability and improved energy efficiency in the category.

Epta's sustainable innovations now constitute a technological vanguard in the field of commercial refrigeration and a true benchmark for the entire industry. Confirmation of our role comes from the recent introduction of the new F-gas regulation, which corroborates choices made several years ago and which we can now say - not without a hint of pride - were far-sighted, rational and inspired.

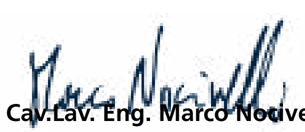
The second milestone of the year is certainly the finalization of the joint venture with Viessmann Refrigeration Solutions, in continuity with a strategy historically based on development by external lines: in addition to increasing our capillary presence in a crucially important region such as Central and Northern Europe, the operation opens the door to new commercial synergies, which will allow us to further improve our ability to offer customers innovative and sustainable solutions together with a punctual and cutting-edge pre- and after sales service.

We want to consolidate our position as the undisputed leader in commercial refrigeration in all geographical areas: a goal we can achieve, of course, by investing in research and development, digitization, but above all in the more than 8,000 #EptaPeople, our most valuable resource. I would like to thank them for their commitment, dedication and passion to constantly improve also in 2023.

Precisely on the subject of human resources, we wanted to extend the concept of "listening to people" - in coherence with the values that inspire us - through an internal survey in collaboration with Great Place to Work, on the ability to value people's feedback and points of view as an essential requirement for improvement and evolution.

In addition, we launched the first D&I manifesto that sees us committed to promoting diversity, inclusion and respect as tools to address market challenges and ensure the development and well-being of our people and in a broader perspective of our stakeholders.

Indeed, I am convinced that it is only by being inspired by common values and adopting an ethical approach to business that we can continue to create value for our Group and society as a whole.



Cav.Lav. Eng. Marco Nocivelli
Chair and CEO

Our integrated vision

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 to 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 Report, therefore, becomes 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.

FOCUS

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.

EPTA AND THE CREATION OF VALUE

1. EPTA GROUP

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, sale, installation and servicing of complete refrigeration solutions** such as refrigerated counters, cold rooms and refrigeration systems equipped with **state-of-the-art technologies 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**.

TURNOVER 2023

22%	The Americas
72%	Europe and the Middle East
6%	Asia-Pacific

Our Story

The Epta Group (from the Greek ἑπτά, 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 center 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 Névé S.A. (France), Costan Market S.A. (Argentina), B.K.T. Bonnet Kältetechnik 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.

In November 2023 Epta announced a double closing in the Northern European market, thanks to the completion of the **joint venture with Viessmann Refrigeration Solutions ("VRS")** and the acquisition of the refrigeration and professional air conditioning business of **HEIFO GmbH & Co. KG**.

Following the joint venture between Epta and VRS **Epta Central North Europe B.V. was born** which, with more than 400 million turnover and 1,600 employees, will strengthen the leadership of Epta and VRS in Central and Northern Europe, expanding the network and ensuring that customers and partners of both companies benefit from a wider range of products and services resulting from the synergic integration of their respective activities.

The **leadership in northern European regions** of Epta is further strengthened by the acquisition of the refrigeration and professional air conditioning business of HEIFO GmbH & Co. KG. (HEIFO).

HEIFO is a fourth-generation family business with experience in industrial and commercial refrigeration services as well as professional air-conditioning and food industry solutions. Founded in 1856, the company has over 160 years of experience in the development and implementation of professional air conditioning and industrial refrigeration solutions.

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.

2019-2023
9 acquisitions
2021:
Portugal - Finland - Chile
2023:
Germany

2023
Joint-Venture with
Viessmann Refrigeration Solutions
Northern Market + Central EU

Beyond
100
Countries served

ESTABLISHMENT AND CONSOLIDATION

2003 – Epta: *Luigi Nocivelli founds Epta*; Costan: *Est. 1946*; Bonnet Névé: *Est. 1830*

2008 – eurocryor

ACCELERATION M&A: PRODUCT, VALUE CHAIN AND DIVERSIFICATION GEOGRAPHY

2011 – Misa: ITALY; VSD: SINGAPORE

2012 – *Marco Nocivelli becomes CEO of Epta S.p.A.*

2013 – *Membership* Elite; Portanuova: CHILE; iarp: ITALY

2014-2015 – ColdService: UNITED KINGDOM; Knudsen Køling: DENMARK

2017 – KR: PHILIPPINES; Libre: POLAND

2019 – SoFrICo: NEW CALEDONIA; Daas: ROMANIA; Kysor Warren: MEXICO - USA; Linus Eco: POLAND

2021 – VPP: CHILE; Epta Suomi: FINLAND; Eurocold: PORTUGAL

2023 – HEIFO: GERMANY; *Joint Venture with* Viessmann: CENTRAL NORTH EUROPE

Our Business

The Group's **Development Plan** envisages **dimensional growth by both internal and external lines** based on three main axes.

1 **Acquisitions of companies according to horizontal and vertical integration logics**

2 **Entry into new countries**

3 **Consolidation of existing partnerships**

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 in the commercial refrigeration recognized worldwide for their history and uniqueness**, as well as for the quality of their products: Costan (1946), Bonnet Névé (1930), Eurocryor (1991), Misa (1969), Iarp (1983), and Kysor Warren (1882).

Furthermore, over time we have created new brands with "dedicated" skills, such as:

- **EptaConcept** specializes in shaping and designing the layout of customized retail spaces, original kiosks, and thematic corners with refrigerated counters;
- **EptaTechnica** specializes in technical refrigeration solutions, from power plants to complete, customized sustainable systems;
- **EptaService** specializes in after-sales technical service characterized by highly experienced teams, state-of-the-art digital tools, qualified consultancy and a wide range of services (such as retrofitting, telemonitoring, e-commerce for spare parts with more than 32,000 codes and 24/48 hour delivery, fleet management systems).

Retail Solutions

COSTAN – Retail solutions for the whole world

Bonnet Névé – Retail solutions for the whole world

KYSOR WARREN – Retail solutions for North and Central America

Specialized Brands

eurocryor – Dedicated solutions for speciality stores

misa – Commercial and industrial cold rooms

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

Solutions and Services

Epta Concept – Design and planning of custom spaces

Epta Technica – Design, engineering and installation of technical products and systems

Epta Service – Services and after-sales support

Main activities of the Group

We have more than 6,900 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 9 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 design culture and attention to detail with a vocation for sustainable international growth.

This is reflected in the consolidated performance with **revenues of Euro 1,432 million in 2023**, the percentage of which was realized abroad, in the financial years ended 31 December 2023, was 87%, confirming the percentage of the previous two years.

(*) Total employees excluding the contribution of the Joint Venture with the Viessmann Group.

6,979* collaborators

11 Production plants

100 countries

390,000 covered sqm

11 R&D Centers

of which 1 Innovation Center

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, both in person and through an extensive network of distributors and technicians 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 (BU).**

Business Unit RETAIL

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

Business Unit FOOD & BEVERAGE

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.**

Business Unit AFTER SALES

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

- 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.

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.

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


2


3


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.

1.2

Mission, Vision and Values

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"** 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 customize solutions for our customers**, optimizing the merchandising of the products on display.

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

Our Values

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.

Principles and values that are clearly expressed in our Code of Ethics are confirmed and pursued by all of us at Epta as well as by all those who work with our Group.

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, better performing and more environmentally friendly and such that they 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 aimed at developing smart and connected products** capable of capturing and satisfying the new needs of our customers and their target markets.
For example, the growing development of proximity shops, new ways of click&collect and fast shopping, the reinterpretation of discount formats and IoT technologies that are rapidly spreading, driven also by the development of AI and Business Intelligence.

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

FOCUS

Innovation Reloaded: The Epta Sustainable System

Epta's strategic center 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.

Epta's promise is encapsulated in the claim "**Innovation Reloaded. The Epta Sustainable System**". A concept that enhances the Epta system as an element of innovation to guide customers towards a green transition. This is the commitment pursued by **The Epta System**, a combination of people, ideas and technologies, resulting in a comprehensive offer of **products and services.** Two main focuses: on the one hand **reload** the sales outlets, to maximize their performance and, on the other **renew them** aesthetically, for a dynamic and engaging shopping experience. A way of being, thinking and operating, whose solid roots are based on a **sustainable innovation** in continuous evolution according to the principles of the circular economy.

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

1.3
Corporate Governance

ENVIRONMENT: ○ **GOVERNANCE** SDGs: 8 LAVORO DIGNITOSO E CRESCITA ECONOMICA; 9 IMPRESE, INNOVAZIONE E INFRASTRUTTURE; 12 CONSUMO E PRODUZIONE RESPONSABILI; 16 PACE, GIUSTIZIA E ISTITUZIONI SOLIDE

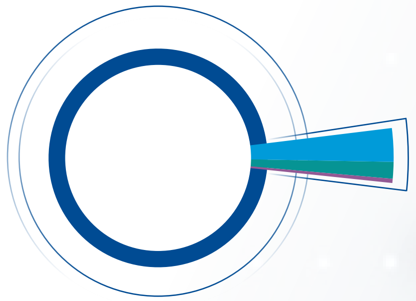
Material Topics	Related impacts INSIDE-OUT	Related impacts OUTSIDE-IN	Activities generated by the impact	Commitments and policies	Actions implemented	KPI	Monitoring processes
BUSINESS CONTINUITY AND ABILITY TO REACT AND ADAPT	Possibility of positively or negatively affecting: • employment stability for company staff; • well-being and prosperity of the main Stakeholders with whom the organization interacts.	• Strengthening or erosion of the organization's reputational capital in the eyes of its main Stakeholders. • Organization's capacity to attract investment and access capital • Organization's resilience rate and ability to remain in the market.	• Management of supply schedules with respect to customer requirements. • Availability of single-source suppliers. • 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. • Ability to manage business integration processes, especially in the case of M&A. • Production flexibility. • Managing the geographical location of plants and sales units. • Structure dedicated to the search for new growth opportunities. • Capacity for organizational adaptation with respect to flexibility and responsiveness to market-driven changes.	› 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".	› Optimization and standardization of production processes. › Proactive reaction to market demands. › Harmonization of technologies to increase efficiency. › Production planning at the various sites to optimize the load according to customer requirements and component availability.	› **Production trends.** › **Production efficiency.**	› Allocation of indicators on a monthly basis within the ERP for timely analysis.
WORK ETHICS, INTEGRITY AND COMPLIANCE	Ability to positively or negatively affect the well-being and prosperity of key stakeholders with whom the organization interacts.	• Possible manufacturing bans and general administrative responsibilities. • Prevention or (vice versa) allocation of sanctions resulting from non-compliance with laws and regulations. • Strengthening or erosion of the organization's reputational capital. • Investment attractiveness and access to capital. • Loss or acquisition of market share.	• Managing compliance with laws and regulations in the markets where the company operates. • Protection of legality and prevention of unlawful conduct. • Attention to regulatory changes that may lead to threats of sanctions and reputational damage.	› Code of Business Ethics. › Point 9 of the Group Policy for our management systems: "demonstrate continuous improvement [...] focusing on risks and opportunities, objectives and internal and external audits".	› Governance system that ensures that all employees follow appropriate and transparent decision-making processes. › Taking care of Stakeholders' interests by applying processes that are subject to verification and control. › Presence of a Supervisory Body for the verification of the company's operations with the aim of complying with Legislative Decree 231. › Internal auditing system.	› **Reports received by the Supervisory Body.**	› Supervisory Body › Internal auditing › Analysis of critical issues by the Control and Risk Committee.
PRIVACY, DATA PROTECTION, INFORMATION SECURITY	Possibility of positively or negatively affecting the protection of the security and confidential information of customers and all those with whom the Organization interacts.	• Strengthening or erosion of the organization's reputational capital. • Loss or acquisition of market share. • Impact on customer trust.	• 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. • Management of data processing systems in line with the regulations applied in the individual countries where the company operates. • Presence of redundant data back-up systems to ensure continuity of production activities.	› 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".	› Regular computer security testing with verification of external penetration of the corporate network. › Specific training of all employees on the risks associated with the use of computer systems. › Data backup systems. › Disaster recovery actions.	› **Report of both penetration tests and system vulnerability.** › **Report on the level of dissemination of training and on the methods of application of safety systems.**	› Daily monitoring and tracking of attempts to penetrate the company network.
GOVERNANCE AND MANAGEMENT OF SUSTAINABILITY RISKS	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.	• Strengthening or erosion of the organization's reputational capital. • Loss or acquisition of market share.	• Management of staff training. • Possibility of carrying out dissemination of ESG aspects to customers. • Integrated business management.	› The entire Group Policy for our management systems is based on responsible business management.	› Presence of a dedicated committee aimed at defining the guidelines in the ESG area as well as performance monitoring. › Definition of an improvement plan linked to the corporate strategic plan.	› **Accident indices.** › **Energy consumption.** › **Water consumption.** › **CO_2 emissions.** › **Employment trend.**	› Allocation of indicators on a monthly basis within the ERP for timely analysis. › Analysis of critical issues by the ESG Advisory Committee.

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.



Epta HdP S.p.A.	Marco Nocivelli	Treasury shares	Others
96.31%	1.09%	2.20%	0.40%

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 acts that the law and the articles of association reserve to the Shareholders' Meeting. The Board of Directors may appoint one or more chief executive officers and determine their powers and attributions, with the exception of those powers reserved by law to the board and as set forth below:

a) definition of the general development and investment programs and objectives of the Company and the Group;

b) preparation of the budget;

c) definition of financial programs 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, at the same meeting, the Board of Directors resolved:

- the establishment of a **Remuneration and Appointments Committee**;
- a **Control and Risk Committee** and an **ESG Advisory Committee**;
- in view of the accumulation of the offices of Chairman and Chief Executive Officer held by Mr Marco Nocivelli, to appoint a **Lead Independent Director** in the person of Marina Brogi, Non-Executive and Independent Director.

Epta's governance structure at 31 December 2023 comprises:

- the **Board of Directors** consists 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 least represented gender;
- the **Control and Risk Committee** which is 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 (as well as performing the functions that the applicable regulations assign to a committee for transactions with related parties in relation to all transactions with related parties other than those concerning the allocation or increase of remuneration and economic benefits to directors and executives with strategic responsibilities - see in this regard what is reported in paragraph 1.3.3 "Business Ethics" below);
- the **Remuneration and Appointments Committee**which is in charge of supporting the Board of Directors' evaluations and decisions concerning the remuneration of executive directors and other directors holding particular offices, as well as managers with strategic responsibilities; also supports the Board of Directors with regard to the self-assessment process, in the case of co-option and in the preparation of succession plans (and also performs the functions that the applicable regulations assign to a committee for transactions with related parties regarding the assignment or increase of remuneration and economic benefits to directors and executives with strategic responsibilities - see in this regard what is reported in paragraph 1.3.3 "Business Ethics" below);
- the **Advisory Committee ESG**, 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 **Lead 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

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 no. 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.

AND COMMITTEES AT 31 DECEMBER 2023

Board of Directors

9 people | 44% women

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

Control and Risk Committee

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

Remuneration and Appointments Committee

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

ESG Advisory Committee

Daria Triglio Godino	Chairman
Patrizia Michela Giangualano	Director
Marco Nocivelli	Director
Berk Guler	Quality & Sustainability Director

For the profiles of the members of the Board of Directors, please refer to the page on the website:
https://www.eptarefrigeration.com/it/chi-siamo/gruppo-epta/governance/executive-management-committee

(*) Lead Independent Director

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 the Group's behavior, working methods and management of 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 on which the Group's actions have historically been based, has been simplified and streamlined 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 favor 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 program, 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 consideration 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

In line with its Code of Ethics, the Epta Group is aware of its responsibility to fight corruption as it affects its values, culture, profitability and sustainability, its shareholders and stakeholders and is one of the greatest obstacles to social welfare, competitiveness and sustainable development.

Issues relating to corporate ethics, compliance with current regulations and anti-corruption are monitored through the application of the principles of the Group's Code of Ethics as well as, limited to Epta S.p.A., through the adoption of the organizational, management and control model pursuant to Legislative Decree no. 231/01 for Epta S.p.A., which includes rules of conduct and control activities that must be complied with in the performance of business activities, in order to prevent the commission of offences, inter alia, relating to corruption.

On 20 December 2023, the Company also approved a new Group Policy on anti-corruption, in order to strengthen the tools for combating corruption within and outside the company and to guard against and mitigate the risk of corrupt acts being committed within the company organization and in relations with third parties, in line with the ethical standards of conduct defined in the Code of Ethics.
In order to further strengthen employees' knowledge of the Group Policy on anti-corruption and to ensure that they conform their conduct, within and/or for the Group, to the relevant principles and rules, an internal communication campaign was defined to promote the Policy and a compulsory training program through e-learning aimed at Group executives, middle managers and employees.

Reporting mechanisms

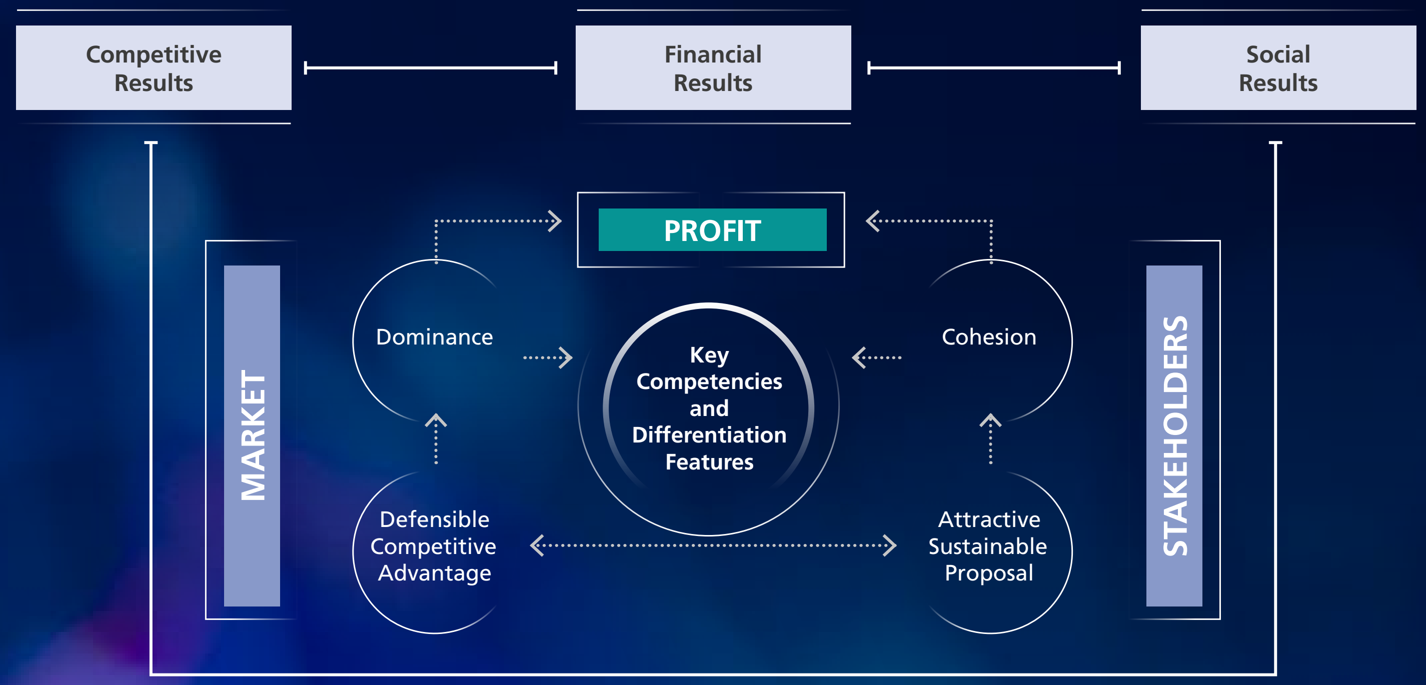
In the financial year 2023, Epta implemented **a reporting system (so-called whisteblowing) at Group level**; this provides a dedicated channel to ensure the confidentiality of employees, customers, suppliers and business partners to report potential violations of the law (including applicable European Union regulations), the Code of Ethics and the organizational, management and control model pursuant to Legislative Decree no. 231/01. This is with the aim of complying with the EU Directive 2019/1937 on the protection of whistleblowers as well as extending the same system to all Epta Group companies, ensuring a homogenous and standardized approach for the benefit of the entire Group.

The procedures for making any reports of irregularities, as well as the process for handling such reports, have been regulated in a specific Group procedure, published on the Company's 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 on this page.

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 2027(1) (-20.92% in 2023 compared to 2022), 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.
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.

1 Starting from the reference year 2021 -> 19,107 ToN CO_2 equivalent.
2 100% of our products are available with CO_2 Gas, a GWP impact = 1 and R290, GWP impact = 6, unlike the old HFC gases with an average GWP impact of 4000.

THE ESG STRATEGIC APPROACH IS SUMMARIZED IN EPTA'S "ESG TEMPLE".

Aspiration

STAKEHOLDERS' EXPECTATIONS

EFFECTIVENESS (Continuous Improvement)

EFFICIENCY (Highest Performance - Lowest Cost)

ETHICS (Human Centered Company)

Pillars

E **ENVIRONMENT**

Circular Economy
Operations
Products

S **SOCIAL**

Employees Satisfaction
Strong link
with Territories

G **GOVERNANCE**

Policies
& Procedures
Open Communication

INTEGRATED REPORT | **EXTERNAL RATING** | **EU TAXONOMY**

Performance Control System / KPI Measurement

Foundations

- Energy Efficiency
- GHG Emissions
- Recycling
- Water Consumption
- DfE/ Energy Saving
- CO_2 / R290
- Elimination of harmful components
- Ecolabeling

- Great Place To Work
- Training-EptAcademy
- Health & Safety
- Future Leader
- Diversity & Inclusion
- Universities & School Co-op
- Territories Initiatives (Volunteering)

- Independent Bodies & Committees
- Diversified Leadership
- Group Policies
- Transparent Accounts Integrity
- No Conflict of Interest

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.

PILLARS

- **Achieve Sustainable Growth**
- **Be a global player**
- **Create innovation**
- **Develop our talents**
- **Ensure ESG-D priority**

STRATEGIC GOALS

- **Be an undisputed leader** in the global commercial refrigeration market. No. 1 in sustainable innovation.
- **Be Sustainable:** ensure that environmental, social and governance criteria are a fundamental part of strategic decisions.
- **Provide opportunities for people to grow:** foster an internal culture of development that is equitable and rewarding for all.
- **Be a generator of profit and cash:** profit as the cause and consequence of an ongoing virtuous cycle within our Entrepreneurial Formula.

STRATEGIC PRIORITIES

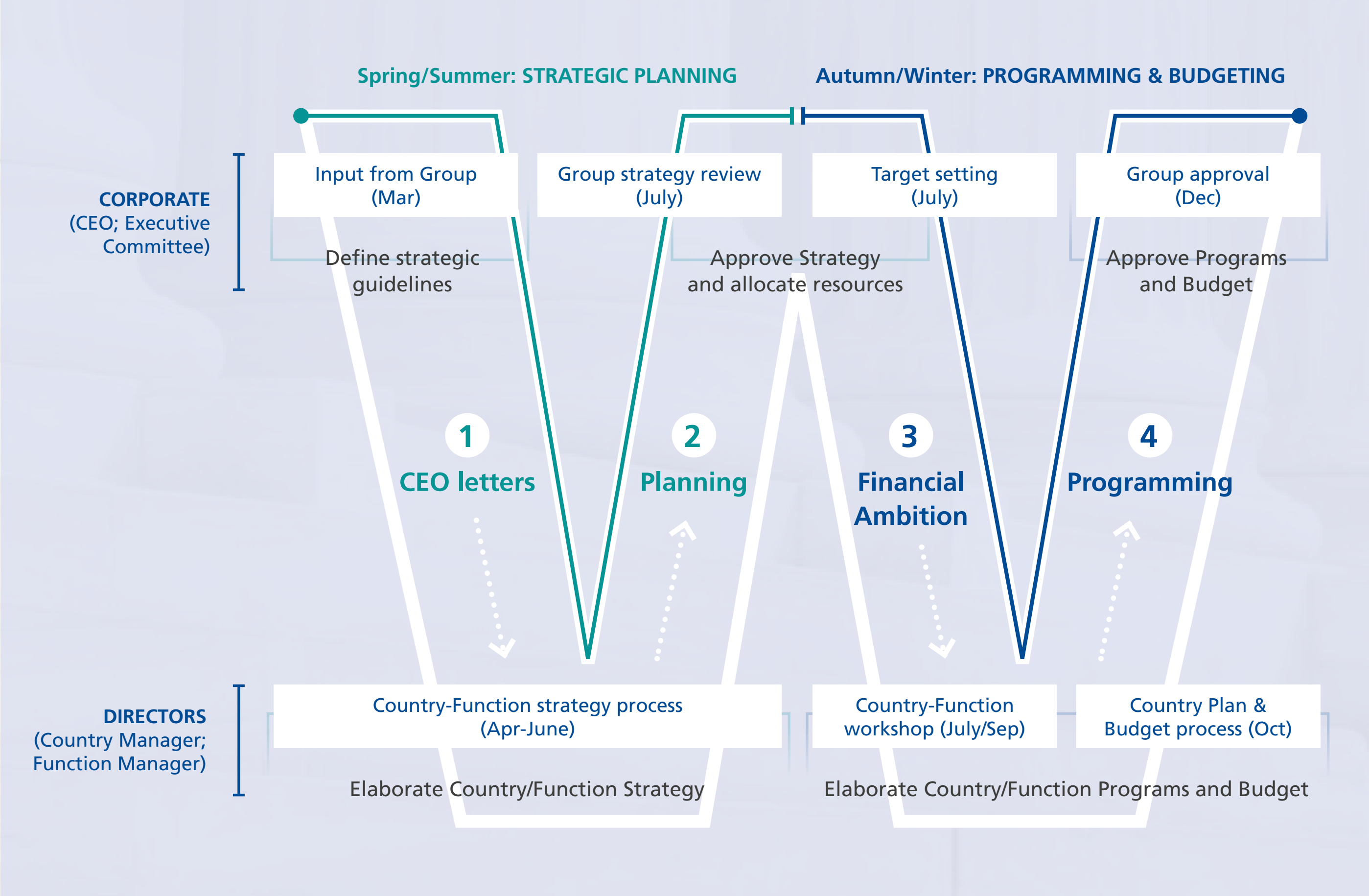
- Consolidate Epta leadership in EU markets and increase its presence in Asia, in the Americas and the rest of the world.
- Differentiate developing innovative, digital and sustainable products, services and systems as the key to competitive success.
- Grow at a CAGR above the global market, either through organic business growth or M&A, ensuring competitiveness, financial and social success.
- Increase the managerial, technical, and social skills of our people. Promote structured training as part of the company culture.
- Proactively measure environmental, social and governance progress with clear and transparent KPIs.

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 BUSINESS MANAGEMENT

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 jeopardize 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 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.

In 2023, 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.

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 the **TRANSFER OF RISK**, such as credit insurance and/or a provision to a special fund.

The main risks to which Epta is exposed can be divided into internal, external and ESG risks as reported in the following paragraphs.

INTERNAL RISKS

Strategic risks

Risks associated with the Group's international operations

RISK: 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.

MITIGATION ACTION: 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 associated with dependence on senior and key personnel

RISK: 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.

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

Risks associated with the operation of production plants

RISK: 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.

MITIGATION ACTION: 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

RISK: 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 favor aggregation processes between other players, jeopardizing the company's market share and growth prospects.

MITIGATION ACTION: Epta is constantly studying market strategies to manage and reduce commercial competition.

Risks associated with demand-side concentration

RISK: 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

MITIGATION ACTION: Epta is committed to marketing strategies aimed at attracting and diversifying its customer base.

Risks inherent to the strategy of growth through external lines

RISK: 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.

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

Operational risks

Risks associated with the operation of production plants

RISK: 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.

MITIGATION ACTION: Epta has implemented actions to reduce possible negative impacts at the sites, taken out insurance policies to cover possible business interruptions and implemented multi-plant production strategies to reduce the possible impact.

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

RISK: 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.

MITIGATION ACTION: 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.

Risks associated with intellectual property protection

RISK: Possible litigation arising from the misuse of patents.
MITIGATION ACTION: Epta constantly monitors the market to avoid and prevent possible litigation or misuse of patents.

EXTERNAL RISKS

Business risks

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

RISK: 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.

MITIGATION ACTION: 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 and suppliers.

Inflation risks

RISK: High inflation rates are being recorded in industrialized countries, which historically have not been affected by this phenomenon (Europe, United States, United Kingdom, Asia) with implications for the Group's profitability.

MITIGATION ACTION: Epta had a pass-through policy in order to absorb the price increase.

Financial risks

Credit risk

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

MITIGATION ACTION: The management of this risk is monitored by the Group Finance Department and mitigated by insurance cover.

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

RISK: 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.

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

Risks associated with exchange rate trends

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

MITIGATION ACTION: 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.

ESG risks

Climate Change risks

RISK: Epta considers the relevance of climate change in its management system and monitors its risks. Climate change is reflected by Epta in the management system and the risks identified with respect to environmental issues.

MITIGATION ACTION: The governance of climate change issues, as well as environmental issues, is entrusted to the Board of Directors with the advisory support of the ESG Committee in defining the relevant guidelines, as well as the Control and Risk Committee with regard to the management of the relevant risks.

Cyber attacks and data breach risk

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.

MITIGATION ACTION: 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 related to non-renewal of certifications

RISK: 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.

MITIGATION ACTION: Epta monitors certification deadlines through targeted audit activities.

Regulatory risk

RISK: Risks associated with compliance with environmental legislation, safety in the workplace and the collection, storage and processing of personal data.

MITIGATION ACTION: 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.

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:

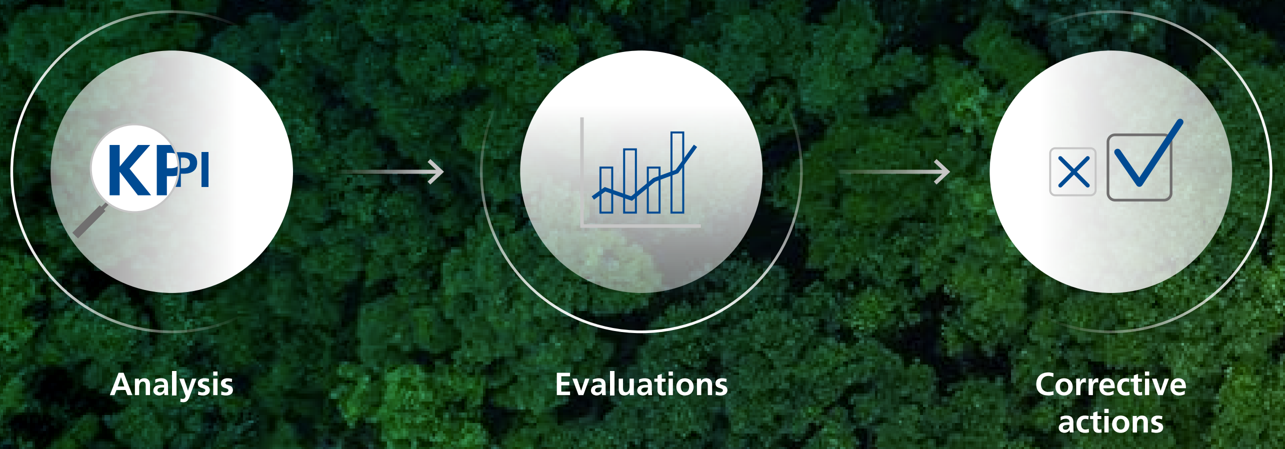
- labor law legislation and relations with trade union organizations
- related to ongoing legal proceedings
- the Group's financial debt and compliance with obligations under the relevant contractual documentation
- the application of tax and transfer pricing rules
- the non-coverage or non-full coverage 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
- 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, environmental and governance aspects.

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.



FOCUS

ESG Advisory Committee

In 2022, we established the ESG Advisory Committee, consisting of members chosen from among Company directors and Group managers with expertise in sustainability. The committee is committed to **support the Board of Directors in the continuous integration of environmental, social and governance factors into the company's strategies for sustainable success** which means the creation of long-term value for the benefit of shareholders, taking into account the interests of other stakeholders.

In particular, the following 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 programs 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 4 times during 2023.

The frequency of meetings is not predetermined, but it is expected that, also in subsequent years, the Committee will meet a minimum of 3 to 4 times a year, 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 considering the objectives of the 2030 Agenda for sustainable development, Epta is committed to involving stakeholders by disseminating its values and sharing its strategies through a structured process, in line with the requirements of the reference standards and applicable regulations, that involves the identification and assessment of sustainability issues.

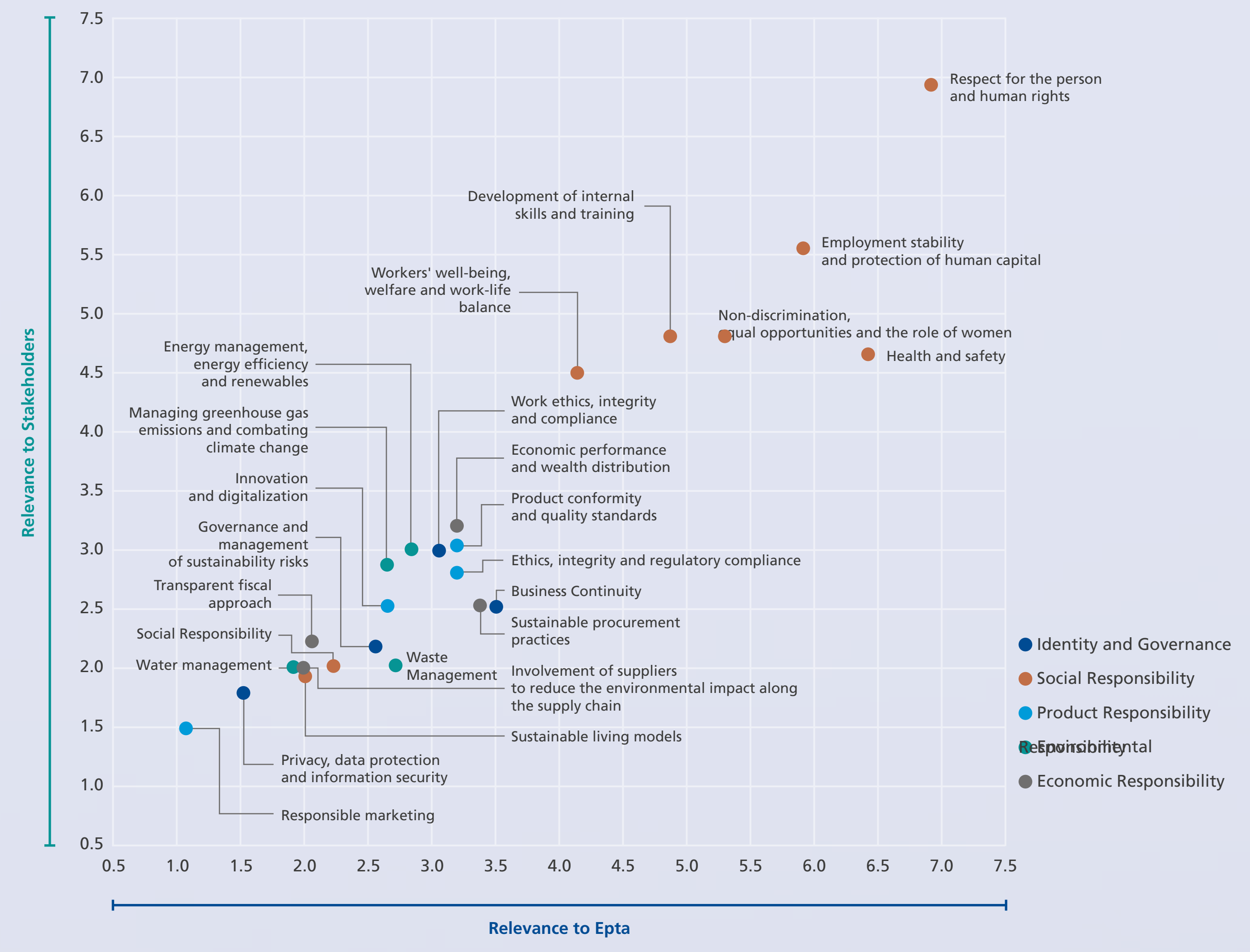
through materiality analysis **allows us to identify the areas of greatest relevance**

that could significantly influence their assessments and decisions: it is also a way of grasping emerging trends in the reference context in which the Company lives and operates, to understand the main impacts that it generates, so as to define, as a priority, the issues on which to invest in order to achieve our Stakeholders' satisfaction.

Our materiality analysis starts with the **identification of issues that may be relevant** cross-referencing them with risk scenarios that could jeopardize the achievement of strategic objectives.

Data emerging from **sharing a questionnaire with internal and external Stakeholders** (which may vary depending on the issue analyzed, new company strategies and changes in the environment in which it operates), then allows us to prioritize management and mitigation strategies.

THE MATERIALITY MATRIX



The materiality analysis, subject to validation by the ESG Advisory Committee and also shared for information purposes with the Control and Risk Committee and finally **approved by the Board of Directors, assesses 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** with a view to aligning with the changes introduced to the reference standards for the preparation of non-financial financial statements and also considering the future application of the European Sustainability Reporting Standards (ESRS) for the preparation of Sustainable Reporting (CSRD).

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).

The following diagram illustrates the prioritization of material topics according to the significance of impacts.

EXTREMELY IMPORTANT

- Respect for the person and human rights
- Employment stability
- Health and safety

VERY IMPORTANT

- Waste management
- Product conformity
- Innovation and digitalization
- Governance, sustainability risk management
- Economic performance and wealth redistribution
- Workers' well-being, welfare
- Sustainable procurement practices
- Ethics and integrity
- Development of internal skills
- Business continuity
- Energy management
- Non-discrimination, equal opportunities
- Customer satisfaction
- Greenhouse gas emission management

IMPORTANT

- Responsible marketing
- Water management
- Transparent fiscal approach
- Privacy, data protection
- Involvement of suppliers to reduce environmental impact
- Sustainable living models
- Social Responsibility

3. POSITIONING AND PERFORMANCE OF THE EPTA GROUP

3.1
Productive Capital

ENVIRONMENT: **PRODUCT** SDGs:

Material Topics	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: • Level of availability of products with high consumption and environmental emission characteristics (depending on new technologies for optimizing operation); • well-being and prosperity of the main Stakeholders with whom the organization interacts.	• Loss or acquisition of market share. • Entry into new markets not yet explored.	• Ability to create technologically advanced products suitable for reducing the environmental impact. • Presence of remote monitoring systems. • Ability to find information easily and in electronic format.	> 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".	> Huge investments in Research and Development. > Presence at both national and international discussion tables on sector regulation.	> **Consumption containment project target with final performance declaration.**	> Bimonthly verification of the progress of the projects. > Adherence to certification bodies for product performance verification.
COMPLIANCE OF PRODUCTS AND QUALITY STANDARDS	Possibility of positively or negatively affecting the level of availability of high quality, standard-compliant products.	• Loss or acquisition of market share. • Level of customer loyalty.	• Ability to manufacture products in accordance with customer requirements that do not have functional defects. • Management of the supply, installation and start-up of the plants. • After-sales management service.	> Application of the management system according to the technical standard ISO 9001:2014. > 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".	> Upon release, it verifies that all products comply with the customer's requirements. > Extensive testing of measuring and monitoring equipment to ensure calibration. > Validation of compliance with product standards by third-party certification bodies.	> **Verification of Right First Time.** > **Collection of product defect reports.**	> Allocation of indicators on a monthly basis within the ERP for timely analysis.
CUSTOMER SATISFACTION	Possibility of positively or negatively affecting the level of availability of high-quality products in line with customer expectations.	• Loss or acquisition of market share. • Level of customer loyalty.	• Ability to manufacture products in accordance with customer requests. • Ability to collect information on customer satisfaction for the services provided. • Management of the supply, installation and start-up of the plants. • After-sales management service.	> Application of the management system according to the technical standard ISO 9001:2014. > 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".	> Interaction with customers to accompany them in choosing the products that best match their needs. > Support in the design and implementation of the point of sale. > Supply of remote management and scheduled maintenance services, designed on the specific needs of the customer. > After-sales support.	> **Collection of product defect reports.** > **Carrying out of interviews to evaluate the satisfaction of the service offered.**	> Allocation of indicators on a monthly basis within the ERP for timely analysis.
RESPONSIBLE MARKETING	Ability to contribute to the satisfaction of real customer needs/requirements.	• Loss or acquisition of market share. • Level of customer loyalty.	• Ability to transparently communicate the characteristics of the products placed on the market, avoiding greenwashing.	> 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".	> Raising customer awareness on ESG issues.	> **Periodic communications to Stakeholders regarding new products and services.**	> Internal Auditing.

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

Sustainable innovation has always been the trademark of Epta's products and services: this choice supports the commitment to constantly improve its energy performance, reduce their environmental impact, increase their safety, improve their quality and user experience also through research and ergonomic studies, both for customers and end users.

How we ensure compliance to local market regulations

- **Combining in-house development capacity and certified third-party audits** in order to integrate deep technical knowledge and a high degree of control.
- **With a commitment to proactively intervene in sector organizations and committees** for the development of technical standards at national (UNI, AFNOR, BSI, DIN, etc.), regional (CEN, CENELEC), and global (ISO, IEC) levels.
- **Responsibly interpreting participation in EU consultation forums** in the context of defining new laws.

How we guarantee quality and technical compliance

- **Through numerous certifications** achieved and constantly updated over time - e.g. CB IECEE scheme certificates, PED notified body certificates and Eurovent Certita certificates.
- **Thanks to the mapping processes of legal regulations and technical standards** (Epta standard no. IDIC007).
- **Through procedures to enforce 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.

Quality

Innovation, reliability and sustainability are the defining characteristics of our quality concept. A goal that is not only aimed at satisfying customers' needs but also contributes to the continuity of Epta's business and that of the entire chain of our suppliers and subcontractors.

To ensure the highest level of quality **we rely on the skills of our personnel and the application of specific methodologies** of verification, identification, management and monitoring of internal production processes and external procurement, as well as an end-to-end quality management system and a system aimed at continuous improvement. A concrete example is the testing phase which, at the end of the production process, verifies aspects such as electrical safety, functionality and aesthetic finish.
Following the internal New Product Development standard **the R&D department regularly conducts specific validation tests**, in order to test the quality of the design and production process and/or carry out checks for problems that have arisen during use at the customer's request. These tests are aimed at verifying the reliability of technical solutions adopted under controlled climate conditions (climatic rooms) on new products, on products under development and on randomly selected products from those already in the catalogue.
This is complemented by Field Tests carried out at customer sites to assess the real impact of daily use and Witness Tests, tests to verify the performance and energy consumption of products.

The focus on quality is also reflected in the **audits carried out at suppliers' premises** to assess their ability to meet the quality criteria set by the Company, with the ultimate goal of meeting customer expectations.

The measurement of effectiveness and improvement of results is regularly tracked with KPIs which take into account not only the costs related to non-quality (attributable not only to the costs related to defects detected on products installed at the point of sale, but also to those generated during production or attributable to problems in the supply of components) but also the collection of reports from our customers.

TURNOVER/COST RATIO NOT QUALITY

2023	2022	2021
0.74	1.05	1.08

REPORTS RECEIVED

2023	2022	2021
12,292	13,198	14,016

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.

3.1.2 Processes and production capacity

Our production process consists of 4 perfectly integrated stages.

Phase 1 → **Phase 2** → **Phase 3** → **Phase 4**

- **Phase 1**: PRODUCTION PLANNING AND SCHEDULING
- **Phase 2**: PROCESSING OF RAW MATERIALS AND/OR ASSEMBLY OF PURCHASED SEMI-FINISHED PRODUCTS AND COMPONENTS INTO FINISHED PRODUCTS
- **Phase 3**: TESTING AND PACKAGING OF FINISHED PRODUCTS
- **Phase 4**: TRANSFER OF FINISHED PRODUCTS TO WAREHOUSE

Some of the facilities specialize 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.

In 2023 we opened a new logistics center in Italy which collects both finished product and spare parts directly from the production lines, optimizing both internal flows and distribution to end customers.

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

A. workload of individual plants;

B. geographic 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 mode whereby the product is manufactured against specific purchase orders;
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)** - which involves the design, and then production, of customized products on demand.

At the end of the production process **all our finished products are subjected to detailed testing** aimed at verifying the correspondence between the configuration of the production order and the product itself, as well as verifying electrical safety, functionality, networking for those products that require it, leakage, aesthetics and, in the cases provided for, 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.

3.1.3 **Responsible management of the Supply Chain**

Globally, we count on a base of about 2,700 active suppliers (-12% compared to 2022) that develop a purchasing volume of approx. 44.2% of the Group's turnover.

2,700
suppliers

Our network benefits from long-established 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) are worth 17% of the total purchasing turnover in 2023.**

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.

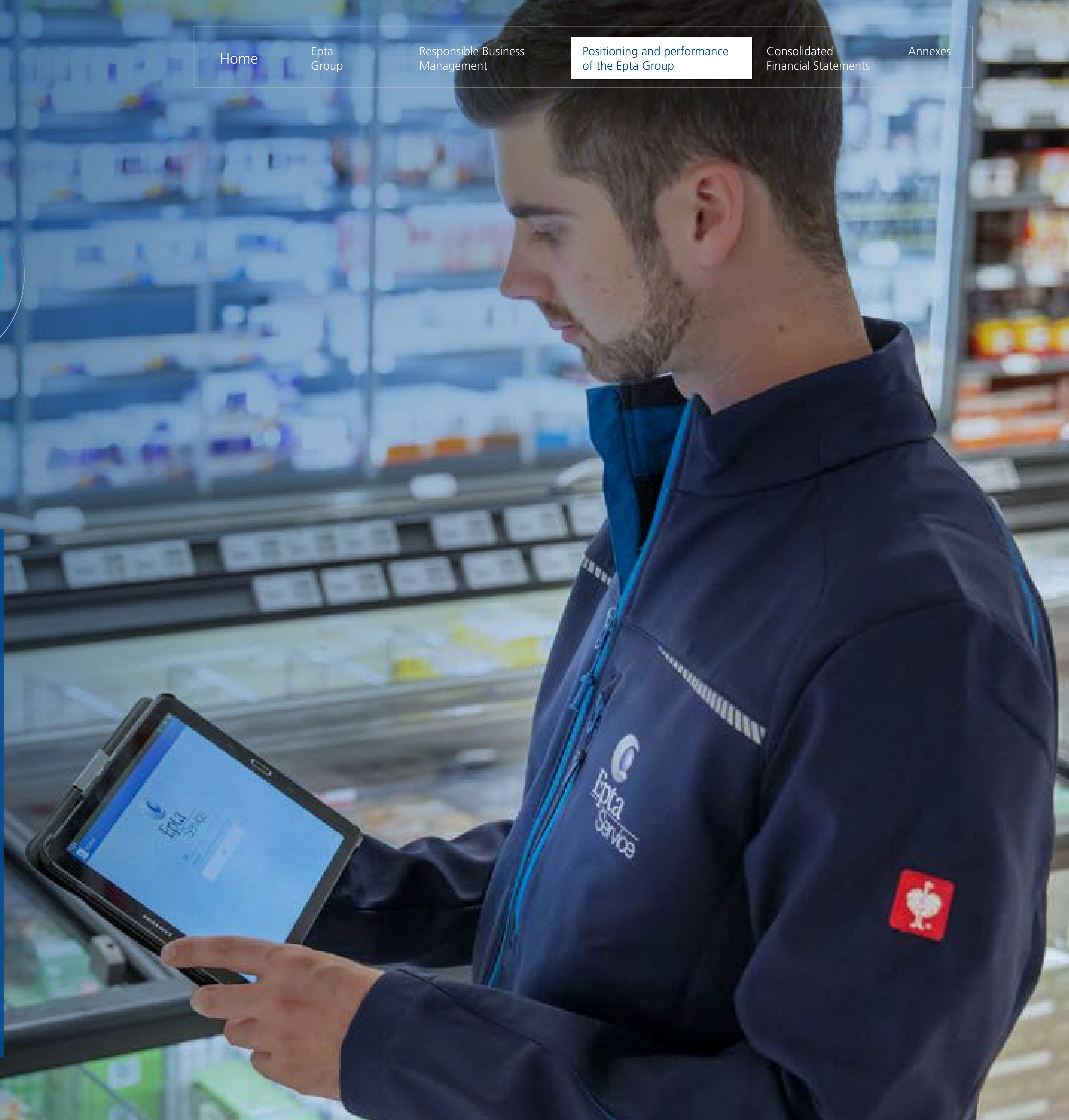
Uncertainty in the markets and discontinuities in the global supply chain determine the application of risk minimization criteria for our global/local sourcing strategies:

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

The pillar of the supply risk minimization strategy is the digitization program for P2O (Procurement to Order) and Supplier Relationship Management processes, which has been completed in the EMEA area in Italy, France and Germany and will be extended to Turkey and the UK in the first half of 2024, to be then completed in the APAC and LATAM area between 2025 and 2026. This is an important step of improvement in the governance of business processes, as it ensures compliance with corporate GOAs/POAs and digital traceability of all approval chains related to order and supply contract management activities.

In accordance with the Group's ESG policy, **the Procurement function launched a Sustainable Procurement project in 2023, which focuses on the Due Diligence of our Supply Chain with regard to compliance with ESG requirements under international standards and local legislation,** integrating:

- services for the continuous monitoring of improvement plans together with critical suppliers,
- digital and AI tools to identify and mitigate supply risks related to ESG requirements.



Materials used

Most of the materials used in our production are **steel, glass and aluminium, which are recyclable at the end of their lives**.

We are constantly looking for new 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, **with a view to a circular economy**.

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.

Material	%
GALVANIZED STEEL	53.71%
GLASS	15.37%
PACKAGING MATERIAL	7.37%
PLASTICIZED STEEL	4.39%
FERROUS METALS	3.43%
ALUMINIUM	3.29%
POLYURETHANE	3.91%
STAINLESS STEEL	3.12%
COPPER	2.79%
PAINTS	1.32%
PLEXIGLASS	1.31%

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.
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 2023, 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.

INVESTIMENTI CONSOLIDATI

33.9 mln euro > 22.2 Industry + 3.8 R&D + 6.5 ICT + 1.4 Other

THE MAIN OPERATIONS

Limana (BL) plant
- 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

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

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

Product Development

- EXPANSION OF THE RANGE
- PRODUCT QUALITY
- ENVIRONMENTAL SUSTAINABILITY

These are the elements on which our R&D activities have focused.

In the Food Retail sector **we have focused on improving the energy and environmental performance of our products** also following the ban on marketing Energy Class G products in Food Retail and Food & Beverage Class E and F products in the European Union from September 2023.

We have continued to search for innovative solutions, in line with our history and the growing market need for efficient and sustainable products, both environmentally and economically:

- negative vertical counters for frozen products,
- positive vertical counters for fresh produce with glass doors and positive and negative plug-ins,
- IoT (Internet of Things) technologies for connecting products, so that our customers can control the Cost Of Ownership and better plan their shops strategically (Geolocation and Fleet Management, Telemetry for preventive maintenance and Merchandising Data).

Significant investments in products dedicated to the US market will allow Kysor Warren to expand its offering with new technologies and merchandising solutions.

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

In addition, we participate directly in several **international standardization committees** - such as the European Organization for Standardization (CEN, CENELEC) and the World Organization for Standardization (ISO, IEC) - to contribute to the development of technical standards and regulations aimed at improving quality, safety, energy efficiency and environmental sustainability of products and services.

We are also an active participant in the **USA regulations** for which our products comply with safety (UL), hygiene (NSF) and energy efficiency (DOE) regulations.

FOCUS

Ecodesign and Energy Labelling

The extension of the applicability of the energy efficiency standards "Ecodesign" and "Energy Labelling" to our sector - which obliges all manufacturers to objectively highlight the consumption of different products (ref. p. 86) - has enhanced in competitive terms the choice made back in 2008 with **voluntary adhesion to the "Eurovent" energy certification scheme** which guarantees the energy efficiency of our range.

In this context, the R&D department has an internal program called "EPTA DESIGN FOR ENVIRONMENT" that defines **three priorities in the design and development of new products**:

1) energy efficiency, for production and use,

2) innovation of materials to reduce the consumption of resources and find solutions with a low environmental impact,

3) recycling, for the possible update of products and their disposal at the end of their life cycle.

3.2.2 Research and Development Activities

Product, system and service innovation

Innovation is a way of life that permeates the entire company and is best expressed in product development and process management. In these areas, too, it is a **sustainable innovation** which focuses on the environmental impact and the entire life cycle of each product.

- **We develop natural refrigerant solutions that are efficient and considerate of total cost of ownership**
- **We never give up care for aesthetics and design**
- **We pay increasing attention to usability and ergonomics for users and operators**

WE ARE A "ONE STOP SHOP"
This means **supporting our customers at every stage of the life of the products manufactured for them:** from "customized" design to installation, through to all those after-sales services required to maintain the high standards of operation that characterize Epta's production (telemonitoring, predictive maintenance) and to maximize their service life.

It also means **offering digital solutions that provide access to useful information** both for proper management and to optimize the purchasing experience of the end consumer.

This is the philosophy with which the Group's R&D function designs **products and services capable of intercepting the continuous evolution in Food Retail, Food & Beverage and Food Service Equipment,** employing 270 people in 10 locations, in collaboration with an Innovation Center dedicated to scouting the technologies of the future.

270 people R&D

Sustainable Refrigeration

CONTEXT
Global greenhouse gas emissions are set to increase in the future, especially if we consider that many developing countries will soon have access to cold chains to transport and store foodstuffs, and to air conditioning systems due to steadily rising temperatures.

The choice of natural refrigeration will increasingly become a must to help reduce the carbon footprint and Europe is paving the way for climate change technologies to lead the transition to a climate-neutral economy.

SOLUTIONS
To support our customers in their 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 areas in all climatic conditions: 100% of remote counters are already available with natural refrigerant such as CO_2 or other low GWP (global warming potential) gases, while all plug-in and integral* counters are available with other natural refrigerants such as R290 (propane).

100% of the products with low GWP gases

impact of natural refrigerants vs. synthetic **-4,000** times lower

R290 (propane) for plug-in and integral counters

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

Challenges and opportunities for constantly evolving solutions and services

Spotlight on the topic of energy savings also in 2023: a crucial factor when considering that at least 40% of a supermarket's energy costs are related to refrigeration.

The most important innovation projects concerned precisely the development of solutions to guarantee customers lower bills. **This race for efficiency has been encouraged both by the restrictions imposed by the Energy Labelling Regulation** with a ban on marketing Class G products from September 2023 (ref. page 86-87), and by rising energy costs.

EPTA'S BEST SELLERS FOR ENERGY PERFORMANCE BRANDED COSTAN/BONNET NÉVÉ

- **Tango Ultra/ MultiFresh Perform** — A — -40% of consumption, CLASS A vs. CLASS B*
- **Valzer Ultra/ MultiFreeze Perform** — B — -40% of consumption, CLASS B vs. CLASS D*
- **GranVista Ultra/ SkyView Perform** — B — -26% of consumption, CLASS B vs. CLASS C
- **GranBering Integral Ultra/ SkyLight Integral Perform** — B — -35% of consumption, CLASS B vs. CLASS C*

(*) Compared to the previous version.

The socio-economic context

The current macroeconomic conditions generate an increasing **attention to savings on the part of end consumers**, more and more attracted by advantageous temporary promotions.

To help our customers intercept these trends and stimulate impulse buying, we launched in 2023 **Spices / Collage,** a new range of plug-in refrigerated counters under the Costan /Bonnet Névé brand, designed to ensure maximum visibility and accessibility of references within areas dedicated to promotion or the presentation of products on offer.

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.

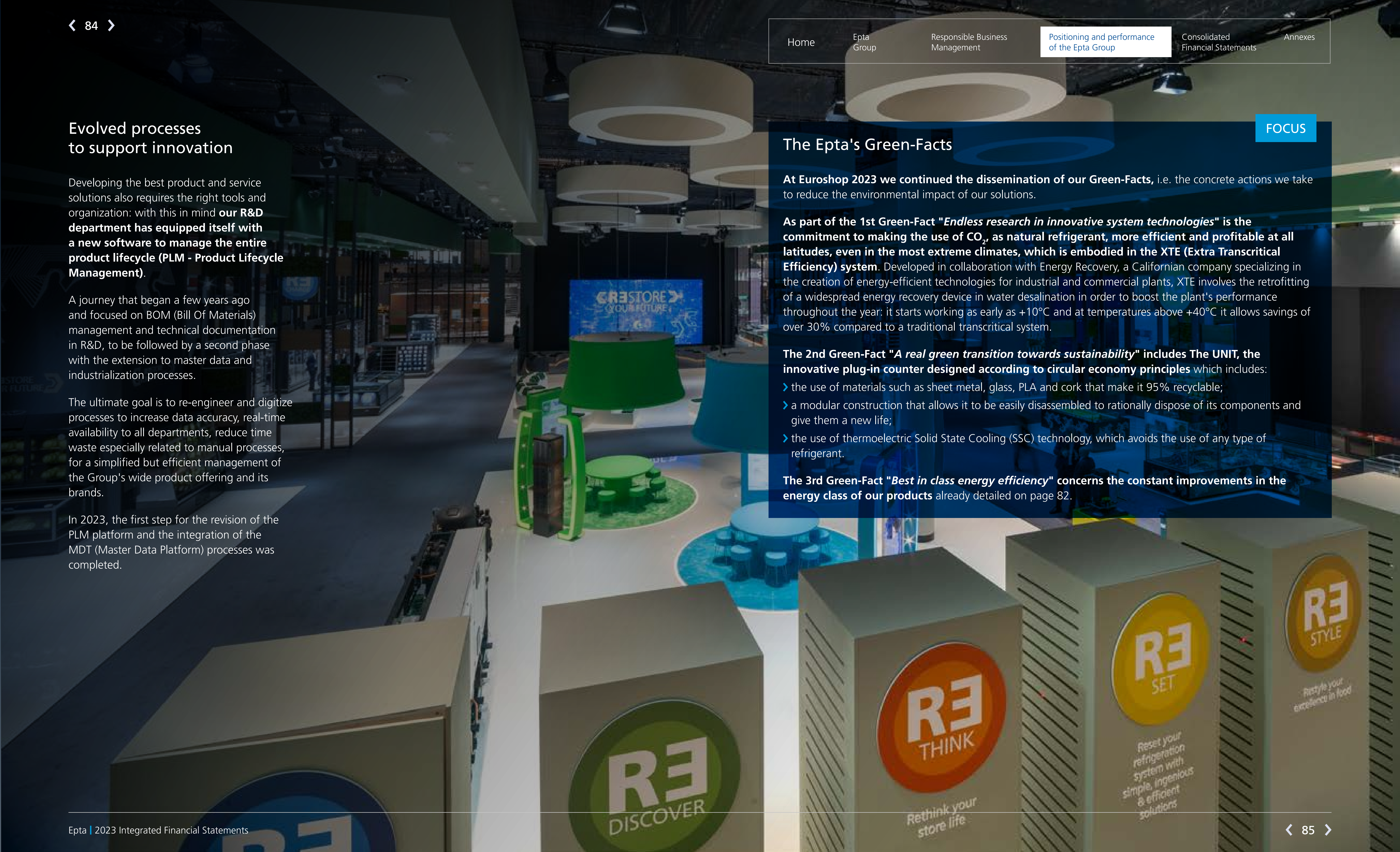
The new frontier of network-connected refrigerated counters

The **digitization** plays a very important role in offering retailers key services and information for better shop management. Network-connected refrigerated counters allow, for example, the collection of data that can be used to improve the visibility of goods, optimize counter efficiency or prevent malfunctions, as well as to identify new consumption needs.

Emblematic in this respect is the **SwitchON** solution from EptaService, which allows:

- advanced remote diagnostics management of control panels;
- obtaining remote control of temperature, cooling capacity, energy performance and consumption of the cabinets;
- an increase in the effectiveness and efficiency of our technicians in the maintenance and operation of the facilities

For the world of plug-ins - the plug-in counters for soft drinks and ice cream - EptaService offers instead **LineON**, a digital solution that makes every refrigerated counter "smart", by making it communicate digitally with the operator.



Evolved processes to support innovation

Developing the best product and service solutions also requires the right tools and organization: with this in mind **our R&D department has equipped itself with a new software to manage the entire product lifecycle (PLM - Product Lifecycle Management)**.

A journey that began a few years ago and 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 digitize 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.

In 2023, the first step for the revision of the PLM platform and the integration of the MDT (Master Data Platform) processes was completed.

FOCUS

The Epta's Green-Facts

At Euroshop 2023 we continued the dissemination of our Green-Facts, i.e. the concrete actions we take to reduce the environmental impact of our solutions.

As part of the 1st Green-Fact "*Endless research in innovative system technologies*" is the commitment to making the use of CO_2, as natural refrigerant, more efficient and profitable at all latitudes, even in the most extreme climates, which is embodied in the XTE (Extra Transcritical Efficiency) system. Developed in collaboration with Energy Recovery, a Californian company specializing in the creation of energy-efficient technologies for industrial and commercial plants, XTE involves the retrofitting of a widespread energy recovery device in water desalination in order to boost the plant's performance throughout the year: it starts working as early as +10°C and at temperatures above +40°C it allows savings of over 30% compared to a traditional transcritical system.

The 2nd Green-Fact "*A real green transition towards sustainability*" includes The UNIT, the innovative plug-in counter designed according to circular economy principles which includes:

- the use of materials such as sheet metal, glass, PLA and cork that make it 95% recyclable;
- a modular construction that allows it to be easily disassembled to rationally dispose of its components and give them a new life;
- the use of thermoelectric Solid State Cooling (SSC) technology, which avoids the use of any type of refrigerant.

The 3rd Green-Fact "*Best in class energy efficiency*" concerns the constant improvements in the energy class of our products already detailed on page 82.

Regulatory

We also support our clients towards the ecological transition by studying and implementing existing regulations, participating in working groups, promoting development that looks towards a more sustainable future, and adopting voluntary schemes that anticipate legislative activity. At the same time, we confirmed our participation in the main technical conferences on the macro topics of commercial refrigeration.

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_2 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 from 2025 onwards.

FOCUS

New F-Gas Regulation (EU 2024/573)

The new F-Gas Regulation on fluorinated greenhouse gases, published on 20 February 2024 and entered into force on 11 March, aligns the regulatory framework of the HVAC&R sectors with the European Green Deal, which envisages carbon neutrality by 2050.

The new F-Gas Regulation **stipulates that the consumption of hydrofluorocarbons (HFCs), i.e. the amount of hydrofluorocarbons that can be placed on the EU market, should be completely zero by 2050,** with a sharp cut in availability already next year and a particularly rapid reduction trajectory in 2027 and 2030.

The text also introduces some important restrictions on the placing on the market of stationary refrigeration equipment operating with fluorinated gases depending on their GWP in order to encourage the use of natural refrigerants, including:

- Centralized multipack refrigeration systems for commercial use with a capacity ≥ 40 kW: GWP<150
- Free-standing refrigerators and freezers for commercial use: GWP<150 from 1 January 2025
- Refrigeration equipment in general: GWP<150 from 1 January 2030
- Export prohibition: GWP<1000 from 2025 if included in the bans
- Foams: stop F-Gas from 1 January 2033
- Refrigerants for service and maintenance: GWP<750 from 2032, except where regenerated or recycled.

The new measures are expected to contribute to the growth of the European industry, a leader in the field of products and systems using natural refrigerants, and stimulate the creation of new green jobs.

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. In August 2023, the new standard was added to the list of standards harmonized with the Machinery Directive. The Machinery Directive will be replaced by a new Machinery Regulation that has already been published but will become operational in early 2027. The current standard, or any changes to it, will therefore also have to be harmonized for the new Machinery Regulation.

Research programs

We continue our commitment to European and international research activities in line with the most sensitive topics for the commercial refrigeration sector.

2019 — 2020 — 2022 — 2030 — 2050

Life-C4R

2019 saw the launch of Epta's Life-C4R - Carbon for Retail Refrigeration project, co-funded by the European Union and recognized within the EU LIFE Program, which aimed to **accelerate the market deployment of a new generation of high-efficiency commercial refrigeration systems based on R744/CO_2 refrigerant and suitable for all weather conditions.** At the heart of the project is the **FTE Full Transcritical Efficiency** patented by Epta. The data produced by the plants over the 3-year observation period were processed as part of a detailed consumption analysis and showed that our technologies guarantee an annual decrease in energy consumption of between 15% and 23% (when compared to traditional CO_2 plants).

Renad

In 2020 we launched the **three-year RENAD project**, **for the development of natural, sustainable and digital refrigeration solutions**, in the Retail and Food & Beverage sectors based on three pillars: Ecodesign, IoT and natural refrigerants. A number of new solutions emerged from the project, including cashless payment with video recognition of product pick-up.

Life Vicorpan

In 2022, we took part in the LIFE VICORPAN project, co-funded by the European Union, **aimed at increasing the efficiency and recyclability of domestic and commercial refrigeration solutions**, reducing greenhouse gas emissions and facilitating the recycling of refrigeration appliances using vacuum insulation panels. The Group's commitment is reflected in the use of the new Vacuum Insulation Panels (VIP), developed as part of the initiative, for its products.

Enough Program

Epta also took part in the EU-funded ENOUGH Program, which **has as its objective the decarbonization of the food chain** and brings together more than 28 partners including European companies, research institutes and universities. The project aims to spur the creation of new knowledge, technologies, tools, methods to enable the food sector to reduce greenhouse gas emissions (by 2030) and achieve carbon neutrality (by 2050).

FOCUS

The DiVa Project

DIgitalization of Value (DiVa) is a 36-month project financed by the MISE within the framework of the "Agreements for Innovation"*. The Key Enabling Technology for whose development the project proposal is aimed are the **advanced production systems, in particular manufacturing technologies** which in Epta are covered by the R&D, Manufacturing and ICT departments.

The project is divided into five Outcome Objectives (OO)

OO 1 → "**Digital Manufacturing**" a digital production process model that interacts with the physical (machinery), with real-time data, for more agile and responsive management.

OO 2 → "**PLM Product Lifecycle Management**" to re-engineer the processes of product data creation and maintenance.

OO 3 → "**Epta Digital Data Hub**" an innovative prototype capable of governing and managing heterogeneous data in preparation for AI implementation.

OO 4 → "**CRM Evolution**" to develop the company's CRM platform.

OO 5 → "**Digital Services and Smart Monitoring**" an integrated and scalable platform for all Group companies and governed entirely by Epta for new digital services.

(*) The activities officially started in May 2023, while in January 2024 we received the inspection visit of the technician appointed by the Ministry to verify the adequacy of the project, the outcome of which we are awaiting.

FOCUS

TURBOALGOR

Similar to Life-C4R, Turboalgor is a project funded through the EU LIFE program's calls for proposals. Leading the way is Turboalgor, a company that has patented the application of a linear piston expander in the CO_2 thermodynamic cycle efficiency of refrigeration systems.

The main objective is to demonstrate the technical feasibility and commercial viability of an innovative solution to **significantly improve the energy efficiency of transcritical refrigeration systems using CO_2 as a fluid**.

The solution consists of a new, patented thermodynamic cycle with two heat exchangers, a Free Piston Expander (FPE) and a Fluid Control Unit (FCU): our role is to implement the solution in a machine of its own and to verify in one or more plants the actual operation, the reliability of the solution as well as the efficiency advantage and the associated costs.

3.2.3 Management systems and certifications

With a view to continuous improvement and achievement of the highest standards of excellence, since 1996 we have been progressively implementing different management systems in our production or commercial realities, which are then validated by an authorized third party.

The voluntary application of international standards aims at:

- ensuring healthy, safe and human-friendly working environments for all our employees,
- managing production processes more effectively and efficiently, and
- providing customers with ever better-quality products and services.

Site	ISO 9001	ISO 14001	ISO 45001	ISO 50001	PED[1]
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[2]	✓	✓	✓		✓
Epta S.p.A. - Solesino	✓	✓	✓	✓	
Epta Istanbul	✓	✓	✓		
Epta Qingdao	✓	✓			
Epta UK	✓	✓	✓		
IARP Thailand	✓	✓	✓		
Commercial Offices					
DASS	✓	✓	✓		
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 88). 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**.

140
Patents

3.3 Financial Capital

ENVIRONMENT: **ECONOMIC** SDGs:

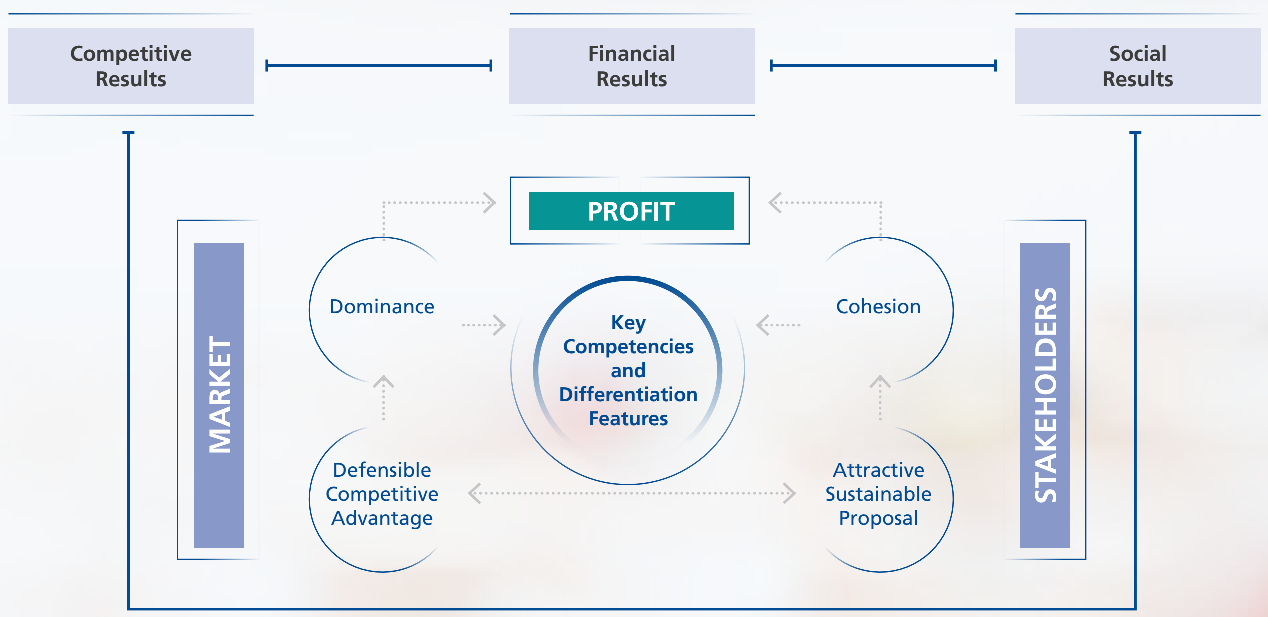
Material Topics	Related impacts INSIDE-OUT	Related impacts OUTSIDE-IN	Activities generated by the impact	Commitments and policies	Actions implemented	KPI	Monitoring processes
ECONOMIC PERFORMANCE AND WEALTH DISTRIBUTION	• Possibility of positively or negatively influencing the well-being and prosperity of the main Stakeholders with whom the organization interacts. • 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.	• Resilience rate of the organization and guarantee of business continuity. • Organization's capacity to attract investment and access capital. • Possibility of entering new markets not yet evaluated.	• Management of business operations in different geographical areas, with different characteristics with respect to inflation rates or social, economic and government stability. • Compliance with tax legislation. • Compliance with contractual obligations by the customer. • Management of the relationship with customers of different sizes.	› Code of Business Ethics.	› Definition of a strategic plan with regular monitoring and updating.	› **All performance indicators related to the business (economic, environmental and social).**	› Monthly monitoring of performance carried out both centrally and in individual production/commercial locations.
SUSTAINABLE PROCUREMENT PRACTICES	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.	• Customer loyalty. • Loss or acquisition of market share.	• Relationship management and customer satisfaction. • Supply chain management with impacts on delivery times. • Compliance with laws and regulations. • Management of environmental impacts throughout the production chain. • Availability of products/parts from the circular economy.	› Application of the management system according to the technical standard ISO 9001:2014. › 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".	› Resilient supply chain, capable of quickly adapting to changes induced by the markets. › 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. › Use of components for the creation of low environmental impact products.	› **Monitoring by providers of the achievement of pre-set and formalized targets to suppliers.**	› Assessment of supplier performance not only from a technical/economic point of view but also in compliance with ESG aspects.

3.3.1 The relationship between Epta and value

All funds generated through operating activities or from the results of investments or various forms of financing represent the financial capital we use to create products or provide services for our customers.

The analysis of financial capital included in this chapter provides a concise overview of the main economic and financial items that support and enable the management of other capital (productive, intellectual, human, social and relational capital and the processes inherent in natural capital) and is then explored in detail in the Report on Operations that opens the Consolidated Financial Statements (page 148).

As a preface, we report here the outline that represents our value creation model, declined in the corporate strategy through a criterion that aims to find the balance between economic development opportunities and the related social and environmental impacts through (1) the creation of a defensible competitive strategy, (2) the integration of ESG values into the strategic approach, and (3) the generation of profit as an outcome of a virtuous circle.



Competitive, social and economic results complement and feed off each other in a virtuous logic of shared and sustainable long-term value creation.

3.3.2 Value generated and distributed to stakeholders

ADDED VALUE

(Euro thousands)	2023	2022
Revenues	1,396,437	1,333,828
Other income	35,734	33,721
Financial income	5,143	642
Total economic value generated	**1,437,314**	**1,368,191**
Operating costs	950,819	924,110
Remuneration of personnel	341,385	324,553
Remuneration of lenders	14,593	9,182
Public Administration Remuneration (*)	25,936	15,465
Total economic value distributed	**1,332,733**	**1,273,310**
Bad debts	-407	1,693
Unrealized exchange rate differences	7,486	4,517
Amortization/depreciation	41,153	39,513
(Provisions)/Releases of funds	22	859
Total economic value retained	**56,328**	**50,017**

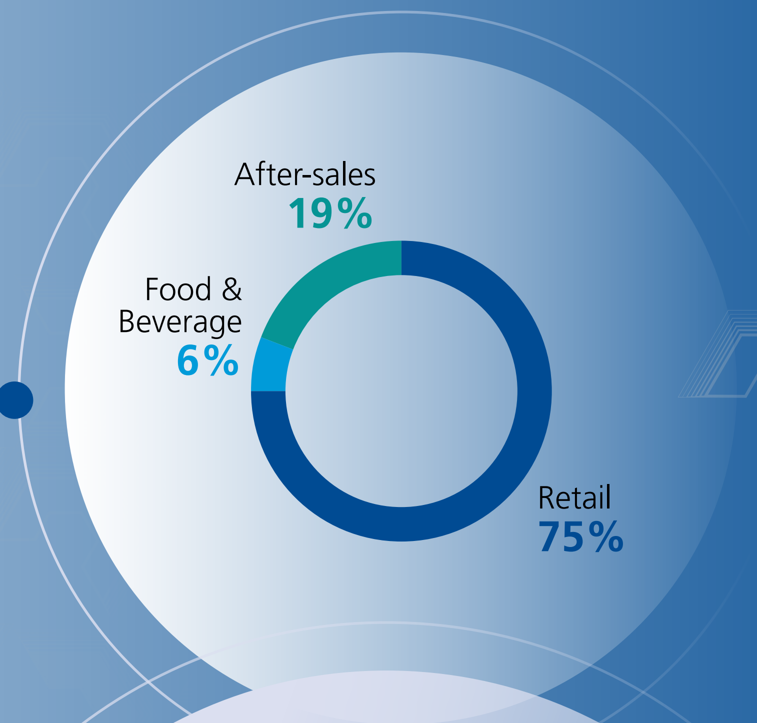
(*) also includes deferred taxes.

3.3.2 **2023 Performance**

In 2023 our Group recorded an increase in total revenues of 5% over 2022.
Growth affected all three BUs of the Group (Retail, After Sales and Food & Beverage BUs) and almost all geographical areas in which we operate.

2023 REVENUES BY SECTOR*

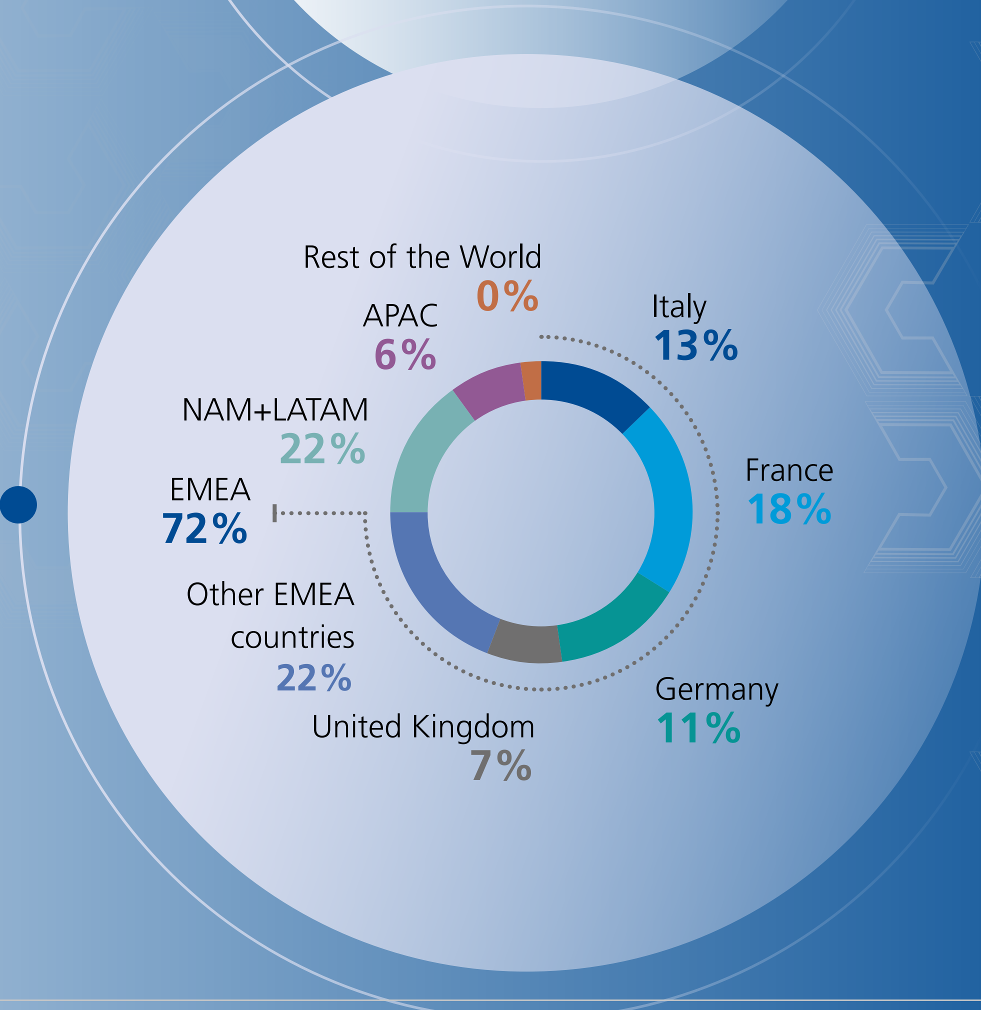
In Euro thousands and as a percentage of net revenues	At 31 December 2023	%	Changes 2023 vs 2022	
Revenues Retail BU	1,068,740	75%	6,977	1%
Revenues After Sales BU	268,844	19%	54,336	25%
Revenues Food & Beverage BU	94,561	6%	4,984	6%
Net Revenues	**1,432,145**	**100%**	**66,297**	
Non-core revenues	26		(1,674)	-98%
Total Revenues	**1,432,171**			



NET REVENUES 2023 BY GEOGRAPHIC AREA

In Euro thousands and as a percentage of revenues from sales and services	At 31 December 2023	%	Changes 2023 vs 2022	
Italy (*)	186,253	13%	10,872	6%
France (*)	252,520	18%	10,684	4%
Germany (*)	161,635	11%	(6,877)	-4%
United Kingdom (*)	107,011	7%	(9,181)	-8%
Other EMEA countries (*)	313,450	22%	71,079	29%
NAM (**)	248,144	17%	50,420	26%
LATAM (***)	64,394	4%	(3,045)	-5%
APAC (****)	91,577	6%	(10,370)	-10%
Other countries	7,160	0%	(47,285)	-87%
Net revenues	**1,432,146**	**100%**	**66,299**	**5%**
Non-core revenues	26		(1,674)	
Total Revenues	**1,432,172**		**64,925**	**5%**

Note: (*) EMEA area - (**) North and Central America - (***) South America - (****) Asia Pacific



3.3.3 **Key economic indicators**

Total revenues **+5%** vs 2022

Net profit **+13%** vs 2022

EBIT **+26%** vs 2022

EBITDA **+17%** vs 2022

From the point of view of **profitability** the financial year 2023 saw cost recoveries in material procurement, energy and logistics costs, and an overall improvement in performance related to realized sales.

Net financial debt of the Group is substantially in line with the previous year, taking into account higher sales volumes and acquisitions.

The Group's financial structure remains very solid as Net Financial Debt of Euro 192,195,203 represents a ratio of 1.33x to EBITDA and 39.1% to Equity.

INCOME STATEMENT

(Euro thousands)	**31.12.2023**	**31.12.2022**	**Change**
Revenues from sales and services	1,396,437	1,333,828	62,609
Other revenues and income	35,734	33,721	2,014
Total revenues	**1,432,171**	**1,367,548**	**64,623**
Total current operating costs	(1,332,972)	(1,289,010)	(43,962)
Operating margin	**99,200**	**78,539**	**20,661**
Net financial expenses	(16,936)	(13,056)	(3,880)
Taxes	(25,936)	(15,465)	(10,471)
Minorities' result	**2,998**	**96**	**2,902**
Result attributable to the Group	**53,330**	**49,921**	**3,409**
Total investments	33,934	31,639	2,295
Amortization/depreciation	(41,153)	(39,513)	(1,640)

INVESTMENTS

Industry 22.2 mln euro

R&D 3.8 mln euro

ICT 6.5 mln euro

Other 1.4 mln euro

OTHER KPIS

Costs for raw and ancillary materials, consumables and goods 594 mln euro

Cost for services 312 mln euro

Personnel costs 330 mln euro

3.3.3 **Outlook**

Recent international events have led to multiple issues affecting the stability of the global economy, including conflicts between countries, inflation rates, energy instability and uncertainty in the global banking sector.

Nevertheless, the **operating information for the beginning of 2024 shows a revenue and order trend in line with the 2024-2027 business plan** approved by the Board of Directors.

In terms of production, no particular problems were encountered at the date of approval of the financial statements in terms of business continuity of the production plants: the **geographical diversification** and the **size of the warehouse** have made the management of supply flows flexible.

SHORT-TERM OBJECTIVES:

During 2024, we will continue to follow the guidelines set out in the 2024-2027 Strategic Plan.

In particular, we will continue:

- the process of integration and consolidation of the acquisitions made, in order to fully achieve the expected synergies.
- ongoing innovation and investment activities aimed at improving the Group's competitiveness, including through the introduction of digital technologies.

3.4 Relational and social capital

3.4.1 Communication strategies and channels

Epta employs people of 60 different nationalities, representing a heterogeneous variety of cultures and backgrounds: this is a strength in a dynamic scenario, and it is for this reason that we carefully coordinate internal and external communication in order to make every action consistent with the positive change that we aim to bring about in the contexts in which we operate.

Sharing and Awareness-raising

The Human Resources and Internal Communication teams collaborate in sharing information at Group level with an **Internal Communication Plan** - validated at the beginning of the year - which in 2023 supported various initiatives including training programs (e.g. the *EnergICE* course to support change management) and internal communication campaigns on key topics such as D&I, which last year saw the launch of Epta's D&I Manifesto and the first global training dedicated to Multiculturalism.

In autumn 2023, the **first Great Place to Work corporate climate survey** was launched, in order to gather further feedback with a view to continuous improvement. After being the subject of a dedicated communication campaign, the survey was distributed in 8 countries around the Epta world: participation in the survey was 72%, above the average market benchmark.

We continued to develop **Epta4Me**, the digital platform for all people in the Epta world to access human resources information, attend courses, share professional and development goals in the same digital environment, enriching it with training sessions and programs as well as the possibility to ask for and give feedback.

The **Employee Value Proposition** defined in 2022, "***Where Fresh Thinkers Bloom***", was also promoted during 2023, for instance through the #EptaPeople Day format, a convivial event created to celebrate and reward #EptaPeople for their commitment and contribution during their daily work: the Italian editions in Casale Monferrato, Limana and Milan involved more than 500 people among employees and workers, as part of their dedicated "Fresh Mob".

We created an internal communication brand identity with the aim of transferring EVP into the multiple aspects of corporate life, and shared it with the entire network of HR and internal communication colleagues in the Epta world. We created and shared guidelines for applying the brand identity also to internal projects and documents, through the creation of dedicated templates.

We enhanced internal sharing moments by launching the format "**Talking Epta - Global Leadership News**" a quarterly virtual meeting to update senior and middle managers on business strategy developments, key achievements and medium-term goals.

Participation in Trade Fairs and Events

EuroShop, the world's leading trade fair for retail (Düsseldorf,
26 February - 2 March 2023) is the world's leading showcase for the refrigeration industry and a crucial appointment for Epta. The entire Group contributed to the success of our participation, in particular the R&D, Marketing, Purchasing, Service and Commerce functions with a preparation that took more than a year.

We presented our vision for the future of Retail: **Innovation Reloaded. The Epta Sustainable System** which represents a journey towards responsible innovation, concretely represented at the heart of the display by three Green Facts (ref. p. 85), with which Epta demonstrates its commitment to the environment and retailers.

The Green Facts are expressed in the invitation to retailers to renovate their stores: this is Epta's promise that is reflected in every area of the stand where new solutions and technologies combine to ensure maximum efficiency, a reduced carbon footprint and an original and exclusive visual identity.

The numbers of EuroShop 2023

- **+81,000** visitors
- **141** countries
- **68%** non-EU

Our presence

- **+500** #EptaPeople involved
- **1,700sqm** stand
- **5** trade fair days

Overall, we took part in 40 events between trade fairs and industry conferences, in some cases participating as exhibitors for the first time.

In May, Epta Asia Pacific participated in **THAIFEX - Anuga Asia**, the largest trade fair in the East dedicated to food held in Bangkok, Thailand, while in September it participated in **Fine Food Australia**, in Melbourne, one of the continent's most important events dedicated to the Food & Beverage, Ho.Re.Ca and food tech worlds, and an opportunity to present the main novelties in the sector of the Bonnet Névé and Iarp brands.

The second part of the year was dedicated to specific events promoting technical refrigeration:
SIFA (Paris, 10-12 October), **Refrigera** (Bologna 7-9 November) and **Climatización y Refrigeración - C&R** (Madrid 14-17 November), where we presented the latest products from the EptaService, EptaTechnica and Misa brands, representing innovation, efficiency and high-level technical expertise in designing natural refrigeration systems.

40
events in a year
between trade fairs and conferences around the world

At the same time, we confirmed our participation in the main technical conferences on the macro topics of commercial refrigeration.

- In the capacity of Gold Sponsor at **ATMO America Summit** (Washington DC, 12-13 June), we shared the latest technological innovations and trends, starting with sustainable refrigeration and delving into the challenges, benefits and perspectives of CO_2 and propane system design in North America.
- As Silver Sponsor of the **26°** International Refrigeration Congress (**ICR**) of the **Institut International du Froid** (IIF), (Paris, 21-25 August), we shared our innovative ideas for sustainable refrigeration, consistent with the theme "*Towards efficient, controlled and intelligent refrigeration*"

3.4.2 Service quality, customer relations and complaints management

Customer satisfaction is an element that reverberates on the sustainability of the business: not only is it necessary to intercept the customer's needs, but it is equally important to be able to maintain a lasting and proactive relationship over time.

The centrality of listening to the customer

It is a basic element of the relationship that links us to our customers: to this end, we are working to implement a **shared system and a structured way of collecting the so-called *voice of the customer* in terms of "*experience*",** so that the service offered can be further improved. On some institutional occasions, such as the largest international trade fairs, we have implemented customer survey systems that have returned wide-ranging feedback, 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.

A new CRM system

In 2023, **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 having **completed the activation of CRM in all European countries**, the implementation of the Field Service Management module continued and reached almost half of the European countries. **Moreover, the year 2023 saw the start of the implementation of the two CRM and FSM modules, also overseas**, specifically in New Caledonia.

The FSM module will allow both a more efficient handling of service calls and a more effective control of any technical issues, triggering a continuous improvement of the customer satisfaction index during the entire product life cycle. Here too, the Change Agent and Key User figures contributed to the support and training of users, facilitating the adoption of the new tool.

CUSTOMER SURVEY EUROSHOP 2023

Issued to all visitors registered to the stand

Positive outcome on Epta for:

Services: 78%

Efficiency: 90%

Quality: 83%

Technology: 93%

Sustainability: 92%

3.4.3 **Relations with public institutions and the community**

The creation of shared value is a daily commitment that we make to support projects that strengthen our ties with the local communities where we operate, under the banner of the values of environmental protection, cultural heritage and concern for the well-being of the community.

CULTURAL AND ENVIRONMENTAL INITIATIVES AND COLLABORATIONS

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 Fruttuoso 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).

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" of Treedom

As part of our partnership with the Treedom platform, we supported **a three-year project to plant and care for 1,500 fruit trees in Colombia, Ecuador, Haiti, Kenya and Tanzania.** From 2021 we have donated one of these trees to each new employee and to 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_2.

3.4.4 **Awards and recognition**

Awards received over time acquire more value when they constitute an effective recognition of our commitment to quality, excellence and social or environmental progress.

BUSINESS EXCELLENCE

Deloitte Best Managed Company 2019-2023

For the fifth consecutive year, we are one of Deloitte's Best Managed Companies, i.e. among the Italian companies that, through organizational success and a focus on social responsibility, generate a positive impact on the ecosystem in which they operate.

Felix Industry Award

Also in 2023, we were awarded the High Budget Honour for performance in management and financial reliability.

Award "From Father to Son - The taste of doing business".

We are the overall winners of the 12th edition, dedicated to Italian family businesses that demonstrate ability, care and dedication in continuing and enhancing the work from generation to generation, as is the case for Luigi Nocivelli (founder of Epta), and his son Marco (Chairman and CEO of the Group).

ENVIRONMENT

2023 Sustainability Leader (3rd consecutive year)

The award - curated by Il Sole 24 Ore and the analysis company Statista - celebrates Italian companies committed to an ecological, ethical, social and governance transition, in order to highlight their responsibility and success in this area.

2023 Sustainability Award

Sponsored by Credit Suisse and Kon Group, the award supports and highlights the best 100 companies that are committed to the planet.

2023 RAC cooling Awards

The project "Endless research in innovative system technology: the XTE - Extra Transcritical Efficiency" was awarded in the category "Refrigeration Innovation of the Year".
XTE is the result of a collaboration with Energy Recovery Inc., a Californian company specializing in creating energy-efficient technologies for commercial and industrial facilities. The PX G1300™ energy recovery device is an innovative application of the PX Pressure Exchanger®, which has been the dominant energy recovery solution in desalination for over 25 years.

For a complete overview of prizes and awards received in Epta's history, please refer to the dedicated page on our corporate website

3.4.5 **Privacy**

The protection of personal data is an essential issue for our Group, also in view of the digital transformation process that has been initiated.

How we protect personal data

In line with our Code of Ethics and in compliance with applicable laws and regulations **we take appropriate technical and organizational measures to protect the personal data of employees, collaborators, customers, suppliers and, in general, of those 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 specific disclosures on the processing of personal data.

3.4.6 **Cyber security**

Digital transformation also means taking responsibility for ensuring the security of data and systems against cyber attacks and service interruptions, to protect both all internal and external stakeholders and the reputational dimension of the company.

Our commitment in practice

We have implemented the necessary **technical and organizational safeguards** such as:

- the 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; the 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,
- Protection of privileged users by PAM,
- Cloud workload protection solution,
- Centralization of all operational identities.

Also being implemented are **additional solutions to improve our ability to detect and respond to industrial security incidents** which are increasing globally, and to ensure continuity of operations.

We adopt the **Cloud Computing** and the related transformation of business services to enhance security, scalability, geographic redundancy and availability with the aim of ensuring an adequate level of security in the digitization of processes and the industrialization of products.

Finally, identity protection safeguards were implemented, not only privileged but also operational, through **Privileged Access Management** (PAM), the extended protection of factory networks and the simplification of Datacenters.

3.5
Human Capital

ENVIRONMENT: SOCIAL

SDGs:

Material Topics	Related impacts INSIDE-OUT	Related impacts OUTSIDE-IN	Activities generated by the impact	Commitments and policies	Actions implemented	KPI	Monitoring processes
HEALTH AND SAFETY	Possibility of positively or negatively affecting: • Frequency and severity of injuries; • Frequency and severity of occupational diseases, which can have repercussions on the physical integrity of the people involved.	• Level of exposure to operational risks related to high rates of accidents, occupational diseases and absenteeism.	• Management of the entire production cycle from creation to delivery to the customer. • Management of the collection of reports on possible critical issues with the aim of implementing security. • Accident events caused by third-party companies that provide services in subcontracted areas.	› Application of the management system according to the technical standard ISO 45001:2018. › 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".	› Application of current legislation. › Risk assessment. › Continuous monitoring. › Education, information and training. › Staff involvement.	› **Frequency Index.** › **Severity index.**	› Allocation of indicators on a monthly basis within the ERP for timely analysis.
CAPACITY TO ATTRACT AND RETAIN RESOURCES	Possibility of positively or negatively affecting: • employment stability for company staff; • Opportunity for each employee to fully realize their potential.	• Level of exposure to operational risks associated with staff turnover and insufficient levels of employee retention.	• Human resource management that allows the availability of resources able to share skills with new hires.	› 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, [...]".	› Analysis of training needs. › Creation of training course catalogues. › Planning and organization of paths for the growth of personal skills. › Cooperation with schools to train young people in the refrigeration sector for future job placement.	› **Hours of training provided annually for each employee.**	› Management of training via the "Epta for Me" application.
RESPECT FOR THE PERSON AND HUMAN RIGHTS	Possibility of positively or negatively influencing: • well-being and prosperity of the main Stakeholders with whom the Organization interacts; • protection of the fundamental rights of the members of the company's staff and of all those with whom the Organization interacts.	• Strengthening or erosion of the reputational capital of the organization in the eyes of Stakeholders. • Solidity of brand awareness and brand equity.	• Management of human resources in terms of discrimination of staff working in the company. • Ethical management of business relationships.	› Code of Business Ethics.	› Application of the corporate Code of Ethics based on the Universal Declaration of Human Rights and the ten principles of the Global Compact. › Analysis of corporate well-being.	› **Collection and analysis of any reports.**	› Internal Auditing. › Corporate Policies.
ROLE OF WOMEN AND EQUAL OPPORTUNITIES	Possibility of positively or negatively affecting: • employment stability for company staff; • opportunity for each employee to fully realize their potential; • gender gap, in terms of opportunities skills salary, etc.	• Level of exposure to operational risks associated with staff turnover and insufficient levels of employee retention.	• Management of human resources in terms of discrimination of staff working in the company. • Possibility of developing initiatives to increase employee inclusiveness, considering diversity as an added value.	› Code of Business Ethics.	› Staff training. › Awareness campaigns on diversity and inclusion. › Increase of female personnel both within the production areas and in managerial and governance positions.	› **Breakdown of staff by age, gender, type of contract**	› Analysis of the composition of the company population using the "Epta for Me" application.
WORKERS' WELL-BEING WELFARE AND WORK-LIFE BALANCE	Possibility of positively or negatively affecting: • levels of work-related stress experienced by company staff; • opportunities for employees to realize their potential; • employment stability.	• Level of exposure to operational risks associated with staff turnover and insufficient levels of employee retention.	• Management of work flows and working hours in relation to the business carried out. • Human resource management in terms of placement of people with medical limitations. • Management of internal mobility with the possibility of aspiring to better positions within the company.	› 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".	› Implementation of corporate welfare policies with initiatives, goods and services to support income, increase spending power and improve health and well-being. › Working methods aimed at balancing and reconciling professional and private life. › Use of smart working to deal with any medical-health problems.	› **Frequency Index.** › **Severity index** › **Absenteeism index.** › **Percentage of use of smart working.**	› Allocation of indicators on a monthly basis within the ERP for timely analysis.

3.5.1 Staff policies

Respect for our people - the "#EptaPeople" - and for the quality of a sustainable working life are key concepts on which Epta bases its short-term and long-term growth. Our company's vocation is to make the most of human resources experience and interpersonal differences, fostering the building of inclusive cooperation and networks between individuals and proposing valuable professional development paths.

Examples are the hybrid working policy that is suggested in compliance with local legislation, the promotion of an "Etiquette" that shares the **Good Habits** of working together, as well as the willingness to contribute concretely to supporting local communities with various voluntary initiatives. In particular, **the EptaGIVES initiative was launched at the end of 2023**, designed both to reward the commitment of #EptaPeople who are already involved in volunteering activities, and to provide an opportunity for those who wish to do so to increase their engagement in local communities, with the support of Epta.

Starting in 2024, #EptaPeople around the world will have the opportunity to use 8 hours of work per year to participate in volunteer activities.

At the **organizational level**, a team was structured in 2023 to facilitate the integration of the acquired companies, which, under the leadership of the Integration Director, developed an integration model aligned with the M&A strategy. In particular, following the acquisition of Viessmann Refrigeration Solutions and HEIFO GmbH & Co. KG. in the second half of the year, an IMO (Integration Management Office) was announced alongside the P&L where acquisitions were made.

In addition, the organizational structure of the Asia Region was simplified in order to maximize synergies within the region and with the rest of the Group.

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

Work continued on the simplification and digitization of HR processes with the launch of new modules of the "Epta4Me" tool. In particular, the catalogue of e-learning on demand training was enriched, and the On/Off Boarding module and the module to ask for and provide feedback were launched.

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 labor cost

6,979
people
at 31.12.2023
See reporting perimeter on p. 233

329,944 mlnEuro
labor costs
(vs. 324,553 mlnEuro in 2022)

3.5.3 Composition and characteristics

At all levels we promote the Code of Ethics and the **Epta Leadership Model** which express the values and behavior expected of #EptaPeople and of which our top management is an ambassador and sponsor.

At Epta, the working environment is inspired by principles of integrity both internally and externally in daily compliance with local regulations, such as work safety and company policies.

Whistleblowing procedures or company climate analysis surveys (e.g. Great Place to Work) are set up to offer different channels of bottom-up feedback to make sure that the voice of every #EptaPeople can always be heard, with a view to continuous improvement.

TYPE	Men		Women	
	Full time	Part time	Full time	Part time
Manager	299	2	46	0
White collars	1,585	15	837	45
Blue collars	3,492	22	590	46

CONTRACT	Men		Women	
	Full time	Part time	Full time	Part time
Permanent	4,870	37	1,342	91
Fixed-term	315	1	89	0
Interim	191	1	42	0

ORIGIN	Men		Women	
	Full time	Part time	Full time	Part time
Same Province	4,958	39	1,370	89
Other Province	353	0	93	2
Other State	65	0	10	0

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

3.5.4 **Training**

Aware that the training and development of our people is fundamental to our daily pursuit of excellence, we offer a comprehensive **training and development program for all our employees both at Group and local level**.

During 2023, we delivered more than 137,606 total hours of training across all our sites (production companies and sales offices), thanks to a rich portfolio of in-person and remote activities, with the aim of increasing the total hours of training delivered in the period 2022-2025 by 65%.

Many of these training sessions were developed internally, asking more experienced colleagues to take on the role of trainer, in some cases after obtaining specific certifications from external bodies.

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. One example is the **Women's Mentorship Program** in which female colleagues with senior roles and solid professional experience were paired with young colleagues with potential to grow into managerial roles.

In 2023, we consolidated the "**EPTAcademy**" - the new talent development program, defined and delivered together with SDA Bocconi - with an additional **40 participants from all over the world, representing different business functions and generations**.

The program consists of two weeks of residential 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. The positive feedback received from participants confirmed the value of EPTAcademy as an important development and networking opportunity.

The 2023 edition also implemented "**EPTAcademy Alumni**", a monthly update event led by university professors or industry experts that brings together all #EptaPeople who have attended EPTAcademy in previous years. A sharing moment structured in refresher sessions on macroeconomic topics, entrepreneurship and innovative leadership and management models, with a view to continuous learning.

A new training course dedicated to #EptaPeople joining the Group through acquisitions or joint ventures was launched. In particular, the **onboarding available on the Epta4Me platform facilitates integration in the first months of work and knowledge of the Epta culture**, basic company policies and processes, and is a valuable support in change management and the promotion of D&I issues. We also proposed a questionnaire on corporate culture through which to choose specific actions to invest in order to facilitate collaboration and the spread of a serene working climate with new colleagues.

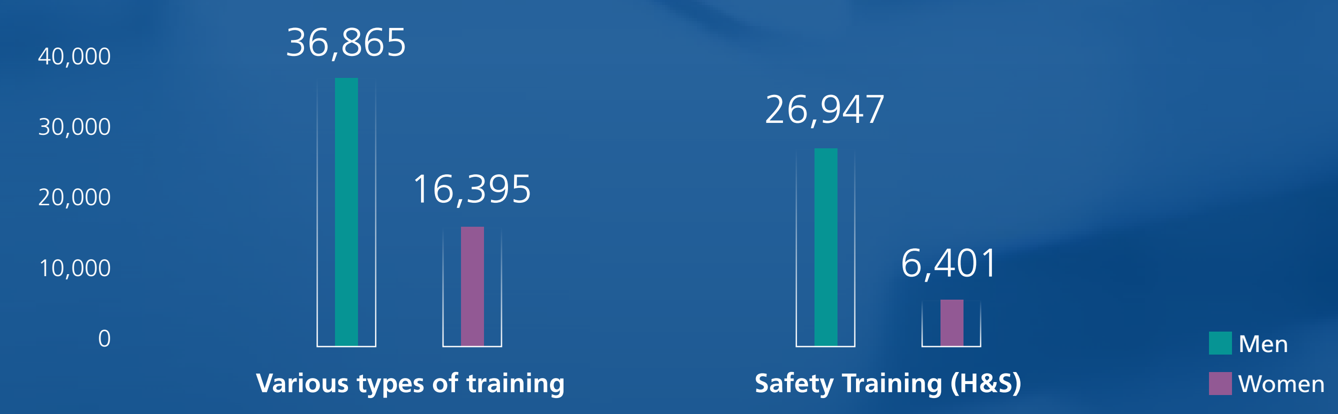
20h average hours of training per person

137,606 total hours delivered

+65% hours of training by 2025

	EPTA GROUP		HOURS OF TRAINING				Total	AVERAGE HOURS OF TRAINING			
	Men	Women	Men	H&S	Women	H&S		Men	H&S	Women	H&S
White collars	1,600	882	41,993	7,955	19,722	5,294	**61,715**	26.24	4.97	22.36	6.00
Blue collars	3,514	636	53,558	15,122	11,188	1,499	**64,746**	15.24	4.30	17.59	2.35
Managers	301	46	9,019	547	2,126	267	**11,146**	29.96	1.81	46.21	5.80
Total	**5,415**	**1,564**	**104,570**	23,624	**33,036**	7,060	**137,606**	**19.31**		**21.12**	

HOURS OF TRAINING PROVIDED



Established projects for the new generations

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

MANFREDINI SALESIAN INSTITUTE - ESTE (PADUA)

We have contributed to the creation of a cold school at the Salesian Institute Manfredini in Este (PV), and to the construction and maintenance of an **Industry 4.0 mechatronic refrigeration laboratory** with the aim of training the refrigeration technicians of the future.

TRAINING CENTER REFRIGERATION - MAGENTA (MILAN)

In 2019 we opened, 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_2 technology is reproduced, made available by us. The Frigoristi Training Center 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 the realization of a modular training program aimed at high school students in areas where Epta has an important industrial presence in Italy. 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 - a Group company based in Romania - the Technological High School "Elie Radu" in Ploiesti and the territorial administrative unit, the initiative is aimed at training new **refrigeration technicians**. The program started in 2019 and from July 2022 the **first "Frigotechnists"** from the country joined the DAAS team to pursue a career in refrigeration.

Ongoing projects

- **In May 2023 we opened a new Training Center in Germany** to train new refrigeration technicians and update all technicians on new products or services in a continuous learning perspective.
- The year also saw the definition of **new training initiatives to be launched in 2024,** in particular on topics such as design, promoting gender diversity and the Epta Leadership Model.

FOCUS

Diversity & Inclusion

Consistent with our strategy of developing and disseminating the ESG culture in the company, **a D&I Committee was created, comprising 30 people** representing all the Group's geographies who, with the support of 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 D&I 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.

Adhesion was enshrined in the signing of the "**Manifesto for Women's Employment**" by Marco Nocivelli, Chairman and CEO, and the entire Executive Committee, testifying to Epta's focus on these issues and its commitment to valuing the uniqueness of each individual.

https://www.eptarefrigeration.com/sites/default/files/document/press_article/D%26I_Manifesto_ENG.pdf

3.5.5 Health and Safety

The management of safety and hygiene aspects in the workplace is another of the cornerstones of our corporate strategies: the objective is to **guarantee workplaces that ensure the safety of all people working for Epta.**

Starting from the assessment of risks related to production activities, we plan risk reduction and mitigation activities with a problem-solving approach, systematically analyzing both accidents and near-misses.

The monitoring of health and safety issues requires the involvement of staff and their representatives, and on this sharing the foundations have been laid for activating research into new technologies and methodologies, with investments in various solutions, including the introduction of automation, which relieves operators of physically intensive tasks, thus leading to an ergonomic improvement of the working environment.

A safe working environment requires a thorough control of compliance with the law and cannot therefore disregard the promotion of a **robust safety culture, which is expressed in the continuous awareness of our employees and in training courses on relevant issues** in this area - in line with current regulations - paying particular attention to new employees.

The Company has defined a **medium-term strategic plan, identifying precise quantitative targets to be achieved**

ACCIDENT FREQUENCY INDEX

1) The data are not comparable with those of previous years as the latter did not take into account the technical and commercial entities that have been monitored since the reference year of this report.

which then, at a local level, will be transformed into opportunities for improvement preparatory to the continuous implementation of the Safety Management System, through the grounding of the most effective interventions to prevent, reduce and, where possible, eliminate possible risks.

3.5.6 **Remuneration system**

In 2023, the new Group Short-Term Incentive System was implemented in order to ensure a cascade system consistent with the Group's financial targets, balanced with quantitative, qualitative individual targets, as well as to introduce ESG parameters for strategic roles.

The Long-Term Incentive Plan updated in 2022 was also adopted in 2023, with **updated KPIs in alignment with the Group's financial and economic ambitions, as well as concrete sustainability principles**. Participation in the Plan was broadened to allow further recognition and retention actions on selected personnel in key or high-potential roles.

In addition, the new International Mobility Policy was launched, which regulates mobility between the Group's various locations in both the short term (12 months) and the long term (12-36 months), with the aim of fostering the exchange of experience and knowledge and developing ever-increasing collaboration between different geographical areas.

3.5.7 **Corporate welfare and organizational well-being**

We have been involved for several years in the development of corporate welfare plans and, more generally, of initiatives that can support an improvement in the corporate climate, the quality of life of employees and company performance, in the belief that it can also foster productivity.

Using the available welfare tools means embarking on a path that sets itself the ambitious goal of creating workplaces centered on people and their well-being. In this sense, we believe that, if linked to a project of a territorial nature, corporate welfare can become a relevant tool for the sustainable development of local communities.

Finally, we favor flexible working hours and policies of **hybrid working** in order to promote a sustainable balance between professional and personal life.

3.6
Natural Capital

ENVIRONMENT: **ENVIRONMENTAL** SDGs: 6 ACQUA PULITA E SERVIZI IGIENICO-SANITARI, 7 ENERGIA PULITA E ACCESSIBILE, 12 CONSUMO E PRODUZIONE RESPONSABILI, 13 LOTTA CONTRO IL CAMBIAMENTO CLIMATICO, 14 VITA SOTT'ACQUA, 15 VITA SULLA TERRA

Material Topics	Related impacts INSIDE-OUT	Related impacts OUTSIDE-IN	Activities generated by the impact	Commitments and policies	Actions implemented	KPI	Monitoring processes
MANAGING GREENHOUSE GAS EMISSIONS AND COMBATING CLIMATE CHANGE	• Changes in biodiversity and ecosystems where the organization operates. • Climatic variations that can expose local communities to extreme weather events.	• Strengthening or erosion of the organization's reputational capital. • Loss or acquisition of market share. • Resilience rate of the organization and guarantee of business continuity.	• Productive activities. • Use of high impact GHG refrigerant gases. • Logistics management. • Opportunity to raise awareness among both staff and customers of the implications of incorrect product handling throughout its life cycle.	> Application of the management system according to the technical standard ISO 14001:2014. > Point 6 of the Group Policy for our management systems: "take the necessary measures to prevent and reduce pollution and CO_2 emissions locally and globally".	> Use of low impact GHG refrigerant gases. > Introduction of hybrid/electric means of transport. > Collaboration with airlines for the use of green fuel. > Preparation of guidelines for an aware and responsible use of raw materials. > Sampling of emissions to verify compliance with the parameters set by the legislation of the individual countries where the company operates.	> **Total amount of CO_2 issued in each single production site.** > **Amount of CO_2-Scope1- issued in each single production site.** > **Amount of CO_2-Scope2- issued in each single production site.**	> Allocation of indicators on a monthly basis within the ERP for timely analysis.
ENERGY MANAGEMENT, ENERGY EFFICIENCY AND RENEWABLES	Possibility of positively or negatively affecting: • CO_2 emissions which are at the root of climate change; • Protection of biodiversity and ecosystems which underlie the entire economic and social system in which the organization operates.	• Strengthening or erosion of the organization's reputational capital. • Loss or acquisition of market share. • Level of exposure to operational risks associated with energy market volatility. • Ability to carry out the transition towards technologies with low emissions and environmental impacts with sufficient timeliness and effectiveness.	• Management of energy sources used for business activities. • Possibility of making certified products with low energy consumption. • Ability to keep up to date with the evolution of the regulatory framework and national and international standards on greenhouse gas emission reduction.	> Application of the management system according to the technical standard ISO 50001:2018. > 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".	> Self-production of energy from photovoltaic systems. > Self-production of electricity and heat from cogeneration. > Purchase of "certified" green energy. > Purchase of systems/equipment with high performance in terms of energy consumption. > Use of lighting systems both in the factories/offices and inside LED-type products. > Use of components for the production of products with low energy consumption.	> **Total quantity of energy purchased in each single production site.** > **Total quantity of gas purchased in each individual production site.** > **Quantity of electricity produced by the photovoltaic systems installed in some production sites.**	> Allocation of indicators on a monthly basis within the ERP for timely analysis.
WATER MANAGEMENT	• Changes in biodiversity and ecosystems where the organization operates. • Possibility of having a positive or negative impact on the well-being and prosperity of the main Stakeholders with whom the organization interacts.	• Strengthening or erosion of the organization's reputational capital. • Loss or acquisition of market share.	• Management of water resources. • Raising awareness of conscious use and waste.	> Application of the management system according to the technical standard ISO 14001:2014.	> Closed loop production plants. > Collection and use of rainwater.	> **Total amount of water used in each individual production site.**	> Allocation of indicators on a monthly basis within the ERP for timely analysis.
PROCUREMENT, WASTE MANAGE-MENT, CIRCULAR ECONOMY	• Changes in biodiversity and ecosystems where the organization operates. • Possibility of having a positive or negative impact on the well-being and prosperity of the main Stakeholders with whom the organization interacts.	• Prevention or (vice versa) application of sanctions resulting from non-compliance. • Strengthening or erosion of the organization's reputational capital. • Loss or acquisition of market share.	• Management of waste products, with particular reference to dangerous substances recognized as toxic. • End of life product management. • Sharing of product end-of-life management information to the user.	> Application of the management system according to the technical standard ISO 14001:2014.	> Management of environmental impacts throughout the production chain. > Product end-of-life management. > Use of regenerated materials. > Verification of compliance with environmental legislation. > Preparation of guidelines for an aware and responsible use of raw materials.	> **Total amount of waste produced at each production site.** > **Total amount of waste recycled and disposed of at each production site.** > **Total amount of hazardous waste produced at each production site.**	> Allocation of indicators on a monthly basis within the ERP for timely analysis.
PROTECTION OF BIODIVERSITY	• Changes in biodiversity and ecosystems where the organization operates. • Possibility of having a positive or negative impact on the well-being and prosperity of the main Stakeholders with whom the organization interacts.	• Strengthening or erosion of the organization's reputational capital. • Loss or acquisition of market share.	• Productive activities. • Use of high impact GHG refrigerant gases. • Means of transport. • Compliance with environmental legislation. • Environmental monitoring.	> Application of the management system according to the technical standard ISO 14001:2014.	> Use of low impact GHG refrigerant gases. > Introduction of hybrid/electric means of transport. > Collaboration with airlines for the use of green fuel. > Environmental sampling to verify compliance with the parameters set by the legislation of the individual countries where the company operates.	> **All indicators referring to the environmental management of each production site.**	> Allocation of indicators on a monthly basis within the ERP for timely analysis.

3.6.1 Our Environmental Policy

In our role as industry leaders, we have a responsibility to combat climate change, with the aim of not damaging and depleting the ecosystem around us, thus preserving it for future generations.

With this in mind, we analyze potential impacts, including financial ones, to **improve our resilience and seize the opportunities that the ecological transition can offer us** through strategies inspired by a management that is sensitive to these issues and translated each year into concrete projects that nurture the creation of a strong sustainability culture within the company and among our suppliers.

What we are doing

- **In our foreign 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 we are located.
- **We have activated some emission offsetting projects** with reforestation activities both in Italy and abroad.
- **We are gradually adding electric or hybrid vehicles to the company pool** to make our mobility more and more sustainable.

-120.8t

CO_2 emissions (vs. kerosene)

All of our staff's business flights on routes covered by **Air France-KLM** (from 2001) and **Lufthansa**(from 2023) involve the use of **SAF (Sustainable Aviation Fuel)**, a fuel with a low environmental impact that reduces CO_2 emissions compared to conventional fuels and in whose production and development we participate with a financial contribution.

-55% CO_2 emissions by 2027

19,400 m² surface covered by photovoltaic systems

ESG Training Worldwide with Altis and Cattolica University

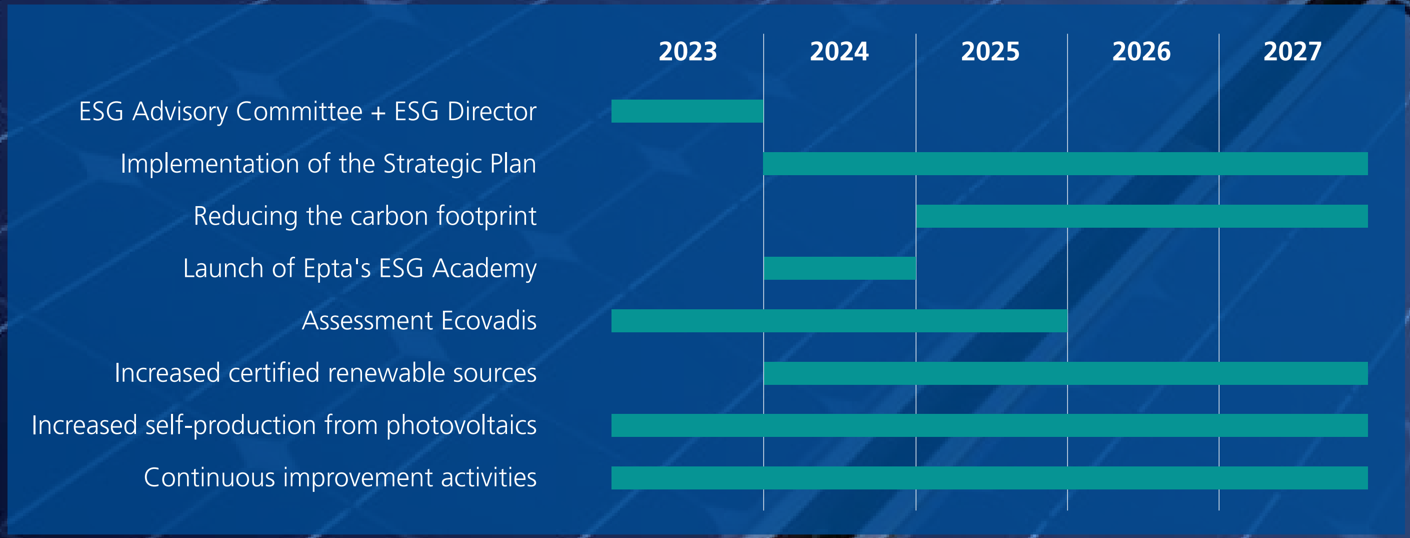
2023 ESG GLOBAL RESULTS

Production facilities

Disposed Waste/Total Waste Ratio	90.5%
Water consumption (lt./pcs)	0.55
CO_2 emissions (t)	16,960

The encouraging results achieved so far have inspired the definition of a strategic plan, full of increasingly ambitious challenges, which require the involvement of all #EptaPeople, at every level.

THE MAIN MEDIUM-TERM OBJECTIVES



3.6.2 Energy consumption

We cannot ignore the use of energy, as it is indispensable to the operation of our production facilities, but we are aware that it is also the main cause of greenhouse gas emissions and **we are committed to maximizing the efficiency of its consumption,** through:

- the adoption of increasingly less energy-intensive production processes while ensuring economically sustainable operations,
- a more conscious supply from certified renewable sources,
- a program to progressively increase self-generation of energy through the installation of photovoltaic systems.

-31%
CO_2 emissions
(2023 vs. 2021)

-300
tonnes/year CO_2
THANKS TO THE PLANTING OF TREES

Monitoring

The amount of CO_2 emitted by our production and technical-commercial operations is compared with reference indicators to periodically assess the achievement of the set targets

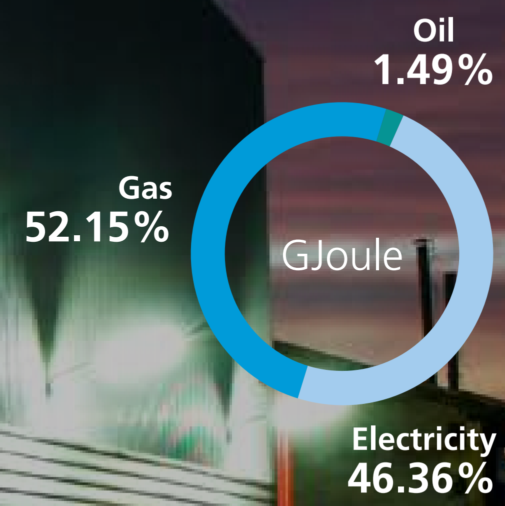
The results also stimulate the search for solutions to improve energy efficiency by applying new technologies related to smart factory logic.

2023 EMISSIONS

Scope 1	8,138.20	**-4.28%** (vs. 2022)
Scope 2	8,822.13	**-20.92%** (vs. 2022)

The emissions covered by Scope 1 are gas and combustion oil. Commonly recognized factors were used for the transformation, namely, the factor 2.04 for gas and the factor 3.17 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.



ENERGY CONSUMPTION	Electricity Gjoule	Gas Gjoule	Oil Gjoule
2023	**124,385**	**139,923**	**3,989**
2022	130,550	143,509	6,034
2021	137,064	148,213	6,592

ENERGY FROM RENEWABLE SOURCES	%
2023	**41.74**
2022	39.44

SELF-PRODUCTION FROM PHOTOVOLTAICS	%
2023	**7.57**
2022	6.58
2021	5.84

3.6.3 Water consumption

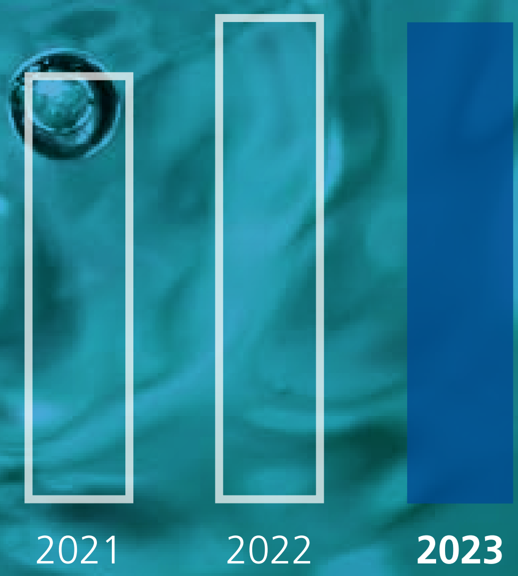
Climate change - often characterized by extreme weather phenomena - generates irregular water availability and also challenges the availability of this resource both quantitatively and over time, especially in areas of high-water stress.

Water is necessary for our production processes and we are aware of its importance as a primary and essential commodity: 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.

Safeguarding this resource - which is increasingly being exploited globally - is central to our objectives for a sustainable development path within which we are adopting:

- **closed circuit systems** on all those systems that require massive use (e.g. for painting and glass grinding) so as to eliminate any waste,
- **purification systems** thus preventing any possible form of contamination, safeguarding biodiversity and protecting ecosystems.

WATER RESOURCES	Production pcs.	Consumption m^3	lt/pcs
2023[1]	**206,470**	**113,800**	**0.55**
2022	234,242	114,054	0.48
2021	215,540	106,940	0.50

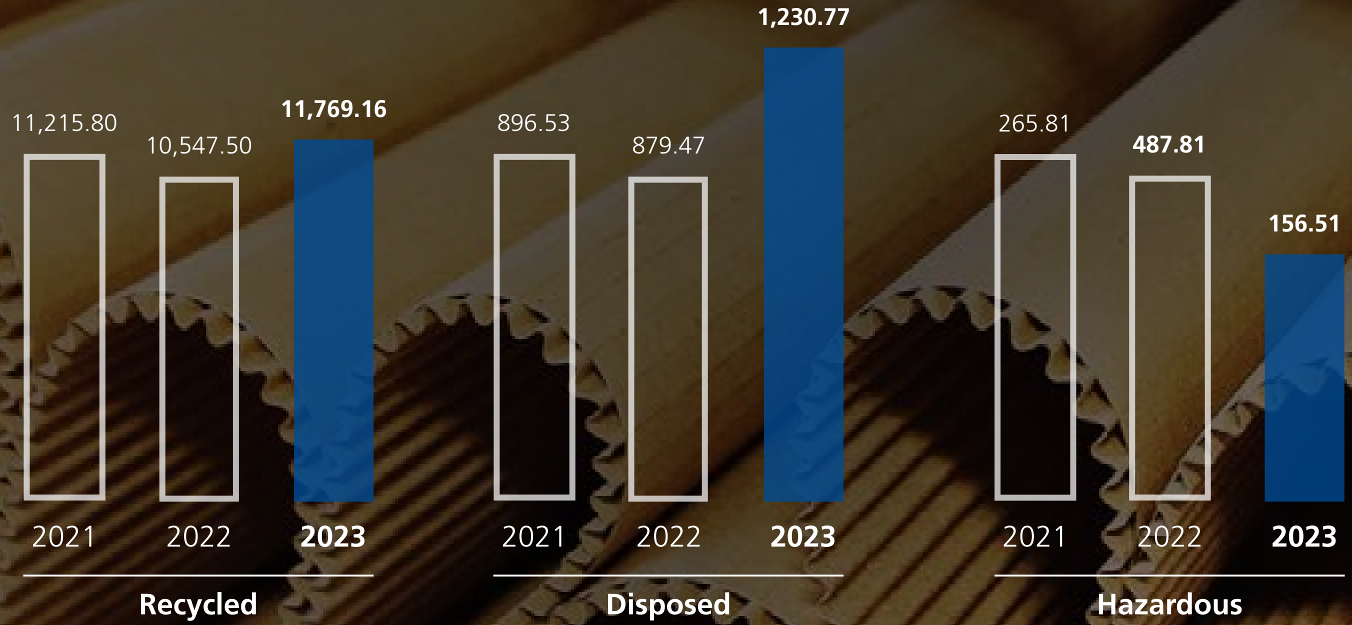


-0.23%
consumption of H_2O
(vs. 2022)

(1) The data are not comparable with those of previous years as the latter did not take into account the technical and commercial entities monitored from 2023 onwards.

Note: the areas where Epta entities insist are not subject to water stress.

WASTE MANAGEMENT



RECYCLED/DISPOSED WASTE RATIOS	Ratio
2023[1]	**9.47**
2022	7.68
2021	7.40

(1) The data are not comparable with those of previous years as the latter did not take into account the technical and commercial entities monitored from 2023 onwards.

3.6.4 Waste management

The application of an environmental management system in accordance with the international ISO 14001 standard enables us to manage waste rationally and efficiently.

We **emphasize prevention, reduction, reuse and recycling** in our operations: the results of this approach lead us to recycle more than 90% of the waste generated, thus creating a green circular economy.

An outcome entirely consistent with the design guidelines implemented for the development of new products, guided by the realization that waste materials can be a valuable resource, the value of which must be maintained for as long as possible.

90.5%
recycled waste

CONSOLIDATED FINANCIAL STATEMENTS

4. EPTA GROUP CONSOLIDATED FINANCIAL STATEMENTS

4.1
Report on Operations

4.1.1 Communication to shareholders by the Board of Directors

The consolidated financial statements at 31 December 2023 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)	31.12.2023	31.12.2022	Change
Revenues from sales and services	1,396,437	1,333,828	62,609
Other revenues and income	35,734	33,721	2,014
Total revenues	**1,432,171**	**1,367,548**	**64,623**
Total current operating costs	(1,332,972)	(1,289,010)	(43,962)
Operating margin	**99,200**	**78,539**	**20,661**
Net financial expenses	(16,936)	(13,056)	(3,880)
Taxes	(25,936)	(15,465)	(10,471)
Net result	**56,328**	**50,017**	**6,310**
Minorities' result	**2,998**	**96**	**2,902**
Result attributable to the Group	**53,330**	**49,921**	**3,409**
Total investments	33,934	31,639	2,259
Amortization/depreciation	(41,153)	(39,513)	(1,640)

4.1.2 Comment on the general economic scenario

Despite initial expectations of recession, the global economy showed some resilience in 2023 with growth at 2.7%. Falling energy prices contributed to lower overall inflation; however, the core consumer price index remained generally sustained at around 5% on average during the year.

Central banks have tightened more than expected, but a phase of lowering rates, starting with that of the Fed, is beginning to be expected.

Looking at the individual geographic areas, the year-on-year GDP growth was in the Eurozone 0.5%, in the US 2.5%, in the UK 0.3%, in China 5.2%, in Latin America 2% (with Brazil and Mexico above 3% and Argentina in recession). For 2024, the forecast is: Eurozone 0.4%, USA 2%, UK 0.3%, China 4.9%, Latin America 1.4%.

Inflation is also expected to fall in 2024, bringing the indicator below 3% in both the Eurozone and the US.

The Fed rate peaked at 5.50% and the ECB deposit rate at 4.5%. From mid-2024 onwards, a gradual reduction is expected to bring them down to stabilize at around 3-4% over almost two years.

The US dollar depreciated by about 3% against the euro compared to 2022. The EUR/USD exchange rate is expected to remain around 1.10 on average. The pound appreciated by around +2% against the euro compared to year-end 2022, against an annual average of around -2% depreciation.

Equity indices generally improved by an average of +20% over 2022, recovering most of their 2022 losses.

With regard to metals, demand was rather weak for most of the year, putting downward pressure on cyclical commodity prices. However, the replenishment of stock levels, together with investments in decarbonization and energy transition, may create imbalances that could pave the way for an upward cycle for some metals such as copper.

PERFORMANCE OF THE SECTOR IN WHICH THE GROUP OPERATES

Retail

The global market for Retail commercial refrigeration forecasts an estimated 2022-2025 CAGR of between 5 and 7% (source: elaboration by a leading international consulting company).

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_2 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) The **Europe (EU)** represents a relatively more mature market, compared to which a moderate growth in the number of new retail outlets is expected, where shop renovations are stimulated by current regulations. The development of the F-GAS regulation, in force since March 2024, envisages the total elimination of hydrofluorocarbons by 2050, with a gradual reduction in the consumption quotas of HFCs, the gases with the greatest impact on global warming, particularly rapidly between the years 2024 and 2030.
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 remain stable and 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). The discontinuation of tax breaks, such as those provided in the context of Industry 4.0, together with increasing difficulties in accessing finance, also due to high interest rates, led to a slowdown in investments during 2023. However, at the beginning of 2024, an improvement in the situation can be observed, thanks to lower interest rates in the Eurozone and the prospect of new facilities on the way.

(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 EMEA countries, 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%). China, in particular, is facing a number of economic challenges including deflation, the collapse of the real estate sector and debt, factors that require more attention and support from local governments and institutions. In addition, 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 2022-2025 CAGR of over 5% (source: elaboration by a leading international consulting firm).
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 players in the F&B sector are planning their medium-term investments according to the most careful ESG criteria including the reduction of the carbon footprint and the increased use of recycled and recyclable materials.

After Sales Market

The global market for After Sales commercial refrigeration records an estimated 2022-2025 CAGR 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. Added to this is the need to bring old plants into line with current regulations such as the new F-gas approved in February 2024, which envisages the total elimination of hydrofluorocarbons by 2050, with a particularly rapid reduction in HFC consumption rates between the years 2024 and 2030.

(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 sliding glass doors or lids and the replacement of lighting fixtures with LED devices are increasing.

(e) an offer that includes increasingly advanced digital services that complement standard maintenance to offer both greater reliability, thanks to fault prediction capabilities, and higher performance, thanks to more accurate system monitoring and consumption optimization. All this translates into greater customer loyalty.

4.1.3 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.

On 31 October 2023, Epta finalized the acquisition of a group of companies active in the commercial refrigeration sector in Central and Northern Europe and belonging to the Viessmann Refrigeration Solutions (VRS) group, through the creation of a joint venture (Epta Central North Europe B.V.), of which Epta S.p.A. is a 70% shareholder. This acquisition resulted in a significant change of scope in the consolidated financial statements. For further details, see the Notes to the 2023 Financial Statements.

The following table sets forth the Key Indicators related to financial data for the years ended 31 December 2023, 2022 and 2021.

In thousands of Euros, ratios and percentages	At 31 December 2023	At 31 December 2022	At 31 December 2021	Changes 2023 vs 2022		Changes 2022 vs 2021	
Total Revenues	1,432,171	1,367,548	1,199,323	64,623	5%	168,225	14.0%
Net profit	56,328	50,017	61,108	6,310	13%	(11,090)	-18.1%
EBIT	99,200	78,539	92,747	20,661	26%	(14,208)	-15.3%
EBIT Margin	6.9%	5.7%	7.7%	1.2%		-2.0%	
Adjusted EBITDA	144,233	123,072	136,279	21,161	17%	(13,207)	-9.7%
Adjusted EBITDA Margin	10.1%	9.0%	11.4%	1.1%		-2.4%	

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. The 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 2023, 2022 and 2021.

Euro thousands	At 31 December 2023	in % of total revenues	At 31 December 2022	in % of total revenues	At 31 December 2021	in % of total revenues	Changes 2023 vs 2022	%	Changes 2022 vs 2021	%
Net Income	56.328	3,9%	50.017	3,7%	61.108	5,10%	6.310	12,6%	(11.090)	-18,1%
+ taxes for the year	25.936	1,8%	15.465	1,1%	26.559	2,21%	10.471	67,7%	(11.093)	-41,8%
+/- Net financial expenses (income)	16.936	1,2%	13.056	1,0%	5.081	0,42%	3.880	29,7%	7.975	157,0%
EBIT	99.200		78.539		92.747		20.661	26,3%	(14.208)	-15,3%
EBIT margin	6,9%		5,7%		7,7%		1,2%		-2,0%	

The following table sets forth a reconciliation of the Group's net income and Adjusted EBITDA for the financial years ended 31 December 2023, 2022 and 2021.

Euro thousands	At 31 December 2023	in % of revenues	At 31 December 2022	in % of revenues	At 31 December 2021	in % of revenues	Changes 2023 vs 2022	%	Changes 2022 vs 2021	%
EBIT	**99.200**	**6,9%**	**78.539**	**5,7%**	**92.747**	**7,7%**	**20.661**	**26,3%**	**(14.208)**	**-15,3%**
+ Amortization/ depreciation	41.153	2,9%	39.513	2,9%	36.365	3,0%	1.640	4,2%	3.148	8,7%
Income from the sale of assets	(420)	0,0%	(77)	0,0%	(756)	-0,1%	(343)	445,1%	679	-89,8%
Extraordinary costs	878	0,1%	18	0,0%	181	0,0%	860	4780,5%	(163)	-90,1%
Non-operating costs	3.539	0,2%	5.020	0,4%	8.008	0,7%	(1.481)	-29,5%	(2.988)	-37,3%
Leases (non-industrial)	(113)	0,0%	59	0,0%	(266)	0,0%	(172)	-291,8%	325	-122,2%
Adjusted EBITDA	**144.233**		**123.072**		**136.279**		**21.161**	**17,2%**	**(13.207)**	**-9,7%**
Adjusted EBITDA Margin	**10,1%**		**9,0%**		**11,4%**					

Non-recurring items in the year 2023 mainly relate to M&A costs.

Total revenues amounted to Euro 1,432,171 thousand at 31 December 2023, an increase (+5%) compared to the previous period of Euro 64,623 thousand (Euro 1,367,548 thousand at 31 December 2022). At constant exchange rates, total Revenues would be up by Euro 112,633 thousand compared to 2022, or 8.3%. The impact on Revenues of the acquisitions made in 2023 amounted to Euro 48,970 thousand, or 3.9% compared to 2022.

The following table shows revenues broken down by the Group's three BUs (i.e., Retail BU, After Sales BU and Food & Beverage BU) for the years ended 31 December 2023 and 2022.

In Euro thousands and as a percentage of net revenues	At 31 December 2023	%	At 31 December 2022	%	Changes 2023 vs 2022	
Revenues Retail BU	1,068,740	75%	1,061,763	78%	6,977	1%
Revenues After Sales BU	268,844	19%	214,508	16%	54,336	25%
Revenues Food & Beverage BU	94,561	7%	89,577	7%	4,984	6%
Net Revenues	**1,432,145**	**100%**	**1,365,848**	**100%**	**66,297**	
Non-core revenues	26		1,700		(1,674)	-98%
Total Revenues	**1,432,171**		**1,367,548**			

The following table sets forth the Group's net revenues by geographic region for the years ended 31 December 2023 and 2022.

NET REVENUES

In Euro thousands and as a percentage of revenues from sales and services	At 31 December 2023	%	At 31 December 2022	%	Changes 2023 vs 2022	
Italy (*)	186,253	13%	175,381	13%	10,872	6%
France (*)	252,520	18%	241,836	18%	10,684	4%
Germany (*)	161,635	11%	168,513	12%	(6,877)	-4%
United Kingdom (*)	107,011	7%	116,192	9%	(9,181)	-8%
Other EMEA countries (*)	313,450	19%	242,371	18%	71,079	11%
NAM (**)	248,144	22%	197,724	14%	50,420	29%
LATAM (***)	64,394	4%	67,439	5%	(3,045)	-5%
APAC (****)	91,577	6%	101,947	7%	(10,370)	-10%
Other countries	7,160	0%	54,445	4%	(47,285)	-87%
Net revenues	**1,432,146**	**100%**	**1,365,847**	**100%**	**66,299**	**5%**
Non-core revenues	26		1,700		(1,674)	
Total Revenues	**1,432,172**		**1,367,547**		**64,625**	**5%**

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

During the financial year 2023, growth affected all three BUs of the Group (Retail BU, After Sales BU and Food & Beverage BU) and almost all geographical areas in which it operates, particularly the North American region.
Profitability increased due to a better product and service mix in some key countries, which rewarded Epta's superior offer in terms of sustainability and energy efficiency. This is due to a better product and service mix in some key countries, which has rewarded Epta's superior offer in terms of sustainability and energy efficiency. The fall in the prices of some materials and energy also contributed to an improvement in profitability, offsetting the increase in fixed costs due to a broadening of the perimeter and an organic development of the business in some geographical areas.

The following table highlights the Key Balance Sheet Data Indicators for the years ended 31 December 2023, 2022 and 2021.

In thousands of Euros, ratios and percentages	At 31 December 2023	At 31 December 2022	At 31 December 2021	Changes 2023 vs 2022		Changes 2022 vs 2021	
Net fixed assets	368,759	291,998	284,052	76,761	26.3%	7,946	2.8%
Net operating working capital	419,172	382,481	272,838	36,691	9.6%	109,643	40.2%
Net working capital	350,507	290,294	182,164	60,213	20.7%	108,130	59.4%
Net Working Capital / Total Revenues	24.47%	21.23%	15.19%	3.2%		6.0%	
Net invested capital	683,917	554,042	421,377	129,875	23.4%	132,665	31.5%
Average days of warehouse rotation	78	82	66	-4	-5.5%	16	24.6%
Average collection days for trade receivables	87	84	78	3	3.3%	6	8.3%
Average payment days for trade payables	62	69	68	(8)	-10.9%	1	1.7%
Net financial debt	192,195	170,333	58,489	21,862	12.8%	111,844	191.2%

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

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 Operating 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 2023, 2022 and 2021.

Average days in stock express the average time, expressed in days, that inventories remain in stock before being used for the production process or sold during the year. For the years ended 31 December 2023, 2022 and 2021, 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 revenues 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 2023, there was an improvement in the average days of warehouse rotation and a slight increase in credit collection days, which partially affected the cash flow for the year.

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 (i) Adjusted EBITDA - Capex and (ii) Adjusted EBITDA. Full Cash Conversion is calculated as the ratio of Adjusted EBITDA - Capex +/- Delta Net Operating Working Capital to Adjusted EBITDA.

Euro thousands	At 31 December 2023	At 31 December 2022	At 31 December 2021	Changes 2023 vs 2022	%	Changes 2022 vs 2021	%
Adjusted EBITDA (A)	**144,233**	**123,072**	**136,279**	**21,161**	**17.2%**	**(13,207)**	**-9.7%**
Capex tangible assets (B)	33,934	28,075	18,443	612	2.2%	9,632	52.2%
Cash Conversion [(A-B)]	**110,299**	**94,997**	**117,836**	**20,549**	**21.6%**	**-22,839**	**-19.4%**
Cash Conversion [(A-B)/A]	**76.5%**	**77.2%**	**86.5%**				
Net operating working capital	**419,172**	382,481	272,838	(19,694)	-5.1%	109,643	40.2%
Delta operating working capital (C)	**(36,691)**	(109,643)	(63,434)				
Full Cash Conversion [(A-B+/-C)]	**73,608**	**(14,646)**	**54,403**				
Full Cash Conversion [(A-B+/-C)/A]	**51%**	**-11.9%**	**39.9%**				

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 2023, 2022 and 2021.

Euro thousands	31.12.2023	31.12.2022	31.12.2021	Changes 2023 vs 2022	Change % 2023 vs 2022	Changes 2022 vs 2021	Change % 2022 vs 2021
(A)+(B) Cash and other cash equivalents	(129,765)	(114,237)	(123,347)	(15,533)	14%	9,111	-7%
(C) Other current financial assets	(4,895)	(17,724)	(19,437)	12,830	-72%	1,713	100%
(D) Liquidity (A) + (B) + (C)	**(134,660)**	**(131,961)**	**(142,785)**	**(2,699)**	**2%**	**10,823**	**-8%**
(E) Current financial payables	33,709	117,984	48,539	(84,275)	-71%	69,445	143%
(F) Current portion of non-current debt	73,547	53,159	27,882	20,389	38%	25,276	91%
(G) Current financial debt (E) + (F)	**107,256**	**171,143**	**76,421**	**(63,886)**	**-37%**	**94,721**	**124%**
(H) Net current financial debt (G) - (D)	**(27,404)**	**39,181**	**(66,363)**	**(66,585)**	**-170%**	**105,544**	**-159%**
(I) Non-current debt (excluding current portion and debt instruments)	192,450	103,111	78,419	89,339	87%	24,691	31%
(J) Debt instruments	27,149	28,041	46,433	(892)	-3%	(18,392)	-40%
(K) Trade payables and other non-current payables	-	-	-	-	-	-	-
(L) Non-current financial debt (I) + (J) + (K)	**219,599**	**131,152**	**124,852**	**88,447**	**67%**	**6,300**	**5%**
(M) Total financial debt (H) + (L)	**192,195**	**170,333**	**58,489**	**21,862**	**13%**	**111,844**	**191%**

The change in net financial debt is mainly attributable to the acquisitions made during the year and, in particular, to the application of IFRS 16 (about Euro 13 million), the effects of which have been classified for both the current and non-current portion under "Other current financial payables" and "Other non-current financial liabilities", respectively.

Excluding the aforementioned effect, the Group's net debt is substantially in line with the previous year, taking into account organic and inorganic growth.

The Group's financial structure remains very solid, considering that Net Financial Debt of Euro 192,195 thousand represents a ratio of 1.33x to EBITDA and 39.1% to Shareholders' Equity.

Consolidated net financial debt includes a bond issue of approximately Euro 27 million, which was finalized 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 issue (in USD) is linked to the acquisition of the US company Kysor Warren, which was finalized on 29 March 2019. The framework placement agreement provides for the possibility for the Epta Group to place additional bond issues, up to a total amount of US$ 150 million (or euro equivalents).

Consolidated net financial debt also includes two new long-term loans of Euro 50 million each disbursed in 2023 by Cassa Depositi e Prestiti and the European Investment Bank, which had already disbursed other loans to Epta in previous years, of which Euro 34 million remained at the end of 2023, of which Euro 23 million beyond twelve months. Funding from new long-term loans in 2023 allowed Epta to reduce its use of short-term bank debt.

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	31.12.2023	31.12.2022
Total non-current assets	364,027	318,144
Total assets	1,194,118	1,055,964
Weight of fixed assets	**30.5%**	**30.1%**
Total current assets	830,091	737,820
Total assets	1,194,118	1,055,964
Weight of working capital	**69.5%**	**69.9%**
Total shareholders' equity	439,022	374,606
Total liabilities and shareholders' equity	1,194,118	1,055,964
Weight of equity	**36.8%**	**35.5%**
Total liabilities	755,095	681,359
Total liabilities and shareholders' equity	1,194,118	1,055,964
Weight of minorities' capital	**63.2%**	**64.5%**
Total current assets	830,091	737,820
Total current liabilities	512,849	491,573
Availability Index	**161.9%**	**150.1%**
Cash and cash equivalents and short-term deposits	122,001	118,792
Total current liabilities	512,849	491,573
Liquidity index	**23.8%**	**24.2%**
Total shareholders' equity	439,022	374,606
Total non-current assets	364,027	318,144
Fixed asset coverage index	**120.6%**	**117.7%**

ECONOMIC INDICATORS

Euro thousands	31.12.2023	31.12.2022
Consolidated net result	56,328	50,017
Total shareholders' equity	439,022	374,606
Return on equity	**12.8%**	**13.4%**
Operating result	**99,200**	**78,539**
Amortization/depreciation	41,153	39,513
Provisions/Releases	22	834
Gross Operating Margin	**140,375**	**118,885**
Operating result	99,200	78,539
Operating invested capital	682,870	554,042
Return on investment	**14.5%**	**14.2%**
Operating result	99,200	78,539
Net Revenues	1,432,171	1,367,548
Sales profitability	**6.9%**	**5.7%**

4.1.4 Analysis of the performance of the Group companies

Epta Iberia S.A.U. - Spain

It carries out marketing activities for the Group's products, as well as installation and service activities in Spain.
In 2023, it generated revenues of about Euro 38 million.

Epta France S.A.S. - France

It carries out production and marketing activities for the Group's products, as well as installation and service activities in France and abroad. In 2023, it generated revenues of about Euro 287 million.

Epta Deutschland GmbH - Germany

It carries out marketing activities for the Group's products, as well as installation and service activities in Germany.
In 2023, it generated revenues of about Euro 165 million.

Epta International Kft - Hungary

It carries out marketing activities for the Group's products, as well as installation and service activities in areas not directly covered by other Group companies, particularly in Central Europe and the Middle East, developing new customers and new market areas. It generated revenues of around Euro 105 million.

Epta UK Ltd - United Kingdom

Conducts manufacturing and marketing of George Barker branded products in the United Kingdom. In the financial year 2023, it realized revenues of approximately Euro 110 million. 2023 saw the completion of the process, begun in the previous year, of corporate simplification of the UK structure, 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 service activities for the local UK market, in the southern part of the country) and its direct parent company Epta Service Uk Ltd

DAAS Impex Srl - Romania

It carries out marketing activities for the Group's products, as well as installation and service activities, operating in the commercial refrigeration, industrial and Ho.Re.Ca. sector.
During 2023, it achieved a turnover of around Euro 49 million.

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

It carries out the production of refrigerated counters for the local and neighboring markets, as well as for other Group companies. In 2023, it generated revenues of about Euro 30 million.

Epta (Qingdao) Retail Equipment Co. - China

It manufactures and markets refrigerated counters in the Chinese and south-east Asian markets. In 2023 it generated revenues of approximately Euro 23 million.

Epta Asia Pte Ltd. - Singapore

It carries out marketing activities for the Group's products, as well as installation and service activities in Singapore and business development activities in the Far East area not directly covered by other Group companies, developing new customers and new market areas.
In 2023, it achieved a turnover of about Euro 20 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 2023, it generated revenues of about Euro 36 million.

Epta Chile S.p.A. - Chile

It carries out marketing activities for the Group's products, as well as installation and service activities in South America. In 2023, it generated revenues of about Euro 38 million.

Kysor Warren Epta US Corporation (USA)

It carries out production and marketing activities for the Group's products, as well as installation and service activities in USA and abroad. In 2023, it generated revenues of about Euro 175 million.

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

It carries out marketing activities for the Group's products, as well as installation and service activities (through its subsidiary Kysor Warren Mexico Services) in Central America. In 2023, it generated total revenues of Euro 71 million.

The following companies became part of the Epta Group with the acquisition of Viessmann and Heifo Kältetechnik GmbH, concluded between October and November 2023, bringing in total revenues of approximately Euro 49 million in the period:

- Epta Kältetechnik GmbH – Germany;
- Epta Kältetechnik Ost GmbH – Germany;
- Epta Kältetechnik West GmbH & Co. KG – Germany;
- Viessmann Kältetechnik Nord GmbH – Germany;
- Epta Kältetechnik West Verwaltungs GmbH – Germany;
- Viessmann Refrigeration Systems Oy – Finland;
- Viessmann Kylmäjäjestelmät Oy – Finland;
- Viessmann Kylmäpalvelut Oy – Finland;
- Oy Mareno Butik AB – Finland;
- FCool Oy – Finland;
- Suomen Jääkylmä Oy – Finland;
- Viessmann Refrigeration Baltics OÜ – Estonia;
- Epta Refrigeration Norway AS – Norway;
- CoolTeam Midt-Norge AS – Norway;
- IAC Vestcold AS – Norway;
- CoolTeam AS – Norway;
- CoolTeam Bergen – Norway;
- Epta Refrigeration Systems Aps – Denmark;
- Epta Sweden AB – Sweden;
- Viessmann Systemy Chłodnicze sp. z o.o. – Poland
- Viessmann chladici systemy s.r.o. – Czech Republic;
- Fri-Service Czech s.r.o – Czech Republic;
- Fri-Service SK s.r.o. – Slovakia;
- Epta North Central Europe B.V. – Netherlands, a company set up to manage the joint venture with the Viessmann Group;
- HEIFO Kältetechnik GmbH – Germany. This company, acquired in November 2023, is a fourth-generation family business with experience in industrial and commercial refrigeration services as well as professional air-conditioning and food industry solutions.

The following companies carry out installation and services activities with individual turnovers of less than Euro 20 million and overall sales of Euro 143 million:

- Epta Austria Gmbh – Austria;
- Epta Refrigeration Portugal – Portugal;
- Epta Refrigeration Denmark A/S. (formerly Knudsen Køling A.S.) – Denmark;
- Epta Technical Services Ryhadh Llc – Saudi Arabia;
- Epta Refrigeration Philippines Inc – Philippines;
- Epta Argentina S.A. – Argentina;
- Epta Polska sp.z.o.o. – Poland;
- Epta Suomi O.y. – Finland;
- Epta Technical Services UAE LLC – United Arab Emirates;
- Epta Australia PTY Ltd – Australia;
- Iarp Services Co., Ltd – Thailand;
- Sofrico S.A.R.L. – New Caledonia;
- Epta Perù S.A.C. – Peru;
- Epta Costa Rica Ltda – Costa Rica;
- Epta Guatemala Sociedad Anonima – Guatemala;
- Epta Vietnam Company Limited – Vietnam;
- Asennus-Kivelä Oy – Finland;
- F.R.- Frio e Refrigeração Lda – Portugal.

The following companies are subholdings or non-operating companies:

- Epta Développemenent S.a.s – France;
- Epta Rack S.A. – France - Non-operational, owns a building partially leased to third parties, which is registered under investment property;
- 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 – Non-operational;
- Epta Honduras SA – Honduras;
- Epta El Salvador – El Salvador;
- Costan UK – United Kingdom.

4.1.5 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 Spa, 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 2023, the economic value generated amounted to Euro 1,437,314 thousand. Of these, the economic value retained by the company amounted to Euro 56,328 thousand. The economic value distributed amounted to Euro 1,332,733 thousand and is divided between the following stakeholders:

- operating costs account for the main share, amounting to Euro 950,819 thousand;
- approximately Euro 341,385 thousand was paid to employees, primarily regarding wages, salaries, social security and welfare expenses;
- Euro 25,936 thousand was paid to the Public Administration for direct and indirect taxes;
- Euro 14,593 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)	2023	2022
Revenues	1,396,437	1,333,828
Other income	35,734	33,721
Financial income	5,143	642
Total economic value generated	**1,437,314**	**1,368,191**
Operating costs	950,819	924,110
Remuneration of personnel	341,385	324,553
Remuneration of lenders	14,593	9,182
Public Administration Remuneration (*)	25,936	15,465
Total economic value distributed	**1,332,733**	**1,273,310**
Bad debts	(407)	1,693
Unrealized exchange rate differences	7,486	4,517
Amortization/depreciation	41,153	39,513
(Provisions)/Releases of funds	22	859
Total economic value retained	**56,328**	**50,017**

(*) also includes deferred taxes.

4.1.6 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.

4.1.7 Other information

At 31 December 2023, the Parent Company owned 3,030,000 treasury shares. At the same date, the Parent Company did not hold any shares in the Holding Company, either directly or through fiduciary companies or proxies.

4.1.8 Business outlook

Recent international events have led to multiple issues affecting the stability of the global economy, including conflicts between countries, inflation rates, energy instability and uncertainty in the global banking sector.

Despite this, the operating information available after 31 December 2023 shows a revenue and order trend in line with the 2024-2027 business plan approved by the Company's Board of Directors.

Prices of materials and components are fairly stable compared to the financial year 2023, while logistics and energy costs may increase significantly as a result of the current geo-political scenario in the Middle East.

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 defined in its Strategic Plan during 2024. Specifically, the continuous process of integration and consolidation of the acquisitions made over the last few years, and in particular those made during 2023, 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.

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.

4.2
Financial Statements

Statement of financial position - Assets

Amounts in Euro thousands

Assets	Notes	31.12.2023	31.12.2022	Change
Property, plant and equipment	1	217,668	186,930	30,738
Right of use	2	55,715	23,996	31,718
Property investments	3	1,430	1,450	(20)
Goodwill and other intangible assets with indefinite life	4	72,724	67,342	5,382
Intangible assets	5	19,305	10,800	8,505
Investments	6	487	344	143
Other non-current assets	7	373	1,148	(775)
Derivative financial instruments	8	1,106	92	1,014
Deferred tax assets	9	33,267	32,345	922
Other non-current financial assets	10	814	1,043	(229)
Total non-current assets		**402,890**	**325,491**	**77,399**
Inventories	11	313,448	272,670	40,778
Trade receivables	12	374,330	346,053	28,277
Other current financial assets	13	4,895	17,724	(12,830)
Tax receivables	14	21,641	14,487	7,154
Other receivables and other current assets	15	23,637	25,156	(1,519)
Derivative financial instruments	16	674	1,466	(792)
Cash and cash equivalents and short-term deposits	17	129,765	114,237	15,528
Total current assets		**868,389**	**791,793**	**76,597**
Total assets		**1,271,279**	**1,117,284**	**153,995**

Statement of Financial Position - Liabilities

Amounts in Euro thousands

Liabilities	Notes	31.12.2023	31.12.2022	Change
Share capital		68,998	68,998	(0)
Reserves		50,085	38,607	11,478
Other reserves and reserves for undivided profits		280,632	228,503	52,129
Result attributable to the Group		53,330	49,921	3,409
Minorities equity		38,677	294	38,383
Total shareholders' equity	**18**	**491,722**	**386,323**	**105,399**
Medium/long-term financial payables	19	219,599	131,152	88,447
Liabilities for employee benefits	21	24,527	24,704	(177)
Provisions for risks and charges	22	24,348	19,727	4,622
Deferred tax liabilities	23	21,280	16,165	5,115
Other non-current liabilities		1,889	1,431	458
Total non-current liabilities		**291,643**	**193,178**	**98,464**
Short-term financial payables	24	107,256	171,143	(63,886)
Trade payables	25	227,407	236,242	(8,835)
Tax payables	26	33,701	31,246	2,455
Other current liabilities	27	119,551	99,153	20,398
Total current liabilities		**487,915**	**537,783**	**(49,868)**
Total liabilities		**779,557**	**730,961**	**48,596**
Total shareholders' equity and liabilities		**1,271,279**	**1,117,284**	**153,995**

Income Statement

Amounts in Euro thousands

	Notes	31.12.2023	31.12.2022	Change
Revenues from sales and services	28	1,396,437	1,333,828	62,609
Other revenues and income	29	35,734	33,721	2,014
Total revenues		**1,432,171**	**1,367,548**	**64,623**
Costs for raw and ancillary materials, consumables and goods	30	(620,081)	(605,154)	(14,927)
Costs for services	31	(320,635)	(309,540)	(11,096)
Personnel costs	32	(341,385)	(324,553)	(16,832)
Amortization/depreciation	33	(41,153)	(39,513)	(1,640)
(Provisions) Releases	34	(22)	(834)	812
Other operating costs	35	(9,695)	(9,416)	(279)
Operating costs		**(1,332,972)**	**(1,289,010)**	**(43,962)**
Operating result		**99,200**	**78,539**	**20,661**
Financial income	36	5,143	642	4,500
Financial expenses	37	(14,593)	(9,182)	(5,412)
Foreign exchange gains and losses	38	(7,485)	(4,517)	(2,968)
Total financial income and expense + (-)		**(16,936)**	**(13,056)**	**(3,880)**
RESULT BEFORE TAXES + (-)		**82,264**	**65,483**	**16,781**
Income taxes	39	(25,936)	(15,465)	(10,471)
Net result		**56,328**	**50,017**	**6,310**
Minority share		2,998	96	2,902
RESULT ATTRIBUTABLE TO THE GROUP		**53,330**	**49,921**	**3,409**

Statement of comprehensive income

Amounts in Euro thousands

	Notes	31.12.2023	31.12.2022
Total net result (A)		**56,328**	**50,017**
Change in Cash Flow Hedge reserve	18	(346)	619
Change in translation reserve	18	(8,596)	(4,240)
Total other gains/(losses) to be subsequently reclassified to net result for the period, net of tax effects (B1)		**(8,942)**	**(3,621)**
Actuarial gains/losses on defined benefit plans	18	(944)	2,339
Actuarial gains/losses on stock grants	18	562	1,123
Change in fair value reserve Land and Buildings	1	11,883	4,107
Total other income/(loss) not subsequently reclassified to net result for the period, net of tax (B2)		**11,501**	**7,569**
Total other gains/(losses) net of the tax effect (B)		**2,559**	**3,948**
Total comprehensive profit/loss (A) + (B)		**58,887**	**53,965**
Minority share		2,998	96
Result attributable to the Group		**55,889**	**53,869**

Cash flow statement

Amounts in Euro thousands

	At 31 December 2023	At 31 December 2022
Result of the year	56,328	50,017
Taxes for the year	25,936	15,466
Amortization/depreciation	41,153	39,513
Financial expenses	14,593	9,182
Financial income	(5,143)	(642)
Non-recurring (income)/expenses		-
Provisions and releases	22	834
Cash flow from/(used in) operating activities before changes in net working capital	**132,889**	**114,370**
(Increase)/Decrease in inventories	(40,778)	(38,674)
(Increase)/Decrease in current receivables	(23,990)	(65,178)
Increase/(Decrease) in payables to suppliers	(8,836)	(1,657)
(Increase)/Decrease in other assets	597	(7,710)
Increase/(Decrease) in other liabilities	9,469	(5,236)
Increase/(Decrease) in liabilities for employee benefits	(1,006)	(5,025)
Increase/(Decrease) in provisions for risks and charges	312	(2,678)
Cash flow generated/(absorbed) by assets and liabilities	**68,657**	**(11,788)**
Taxes paid	(14,129)	(15,617)
A. Cash flow generated/(absorbed) by operating activities	**54,528**	**(27,405)**
Property, plant and equipment	(28,687)	(28,027)
Property investments	20	
Other changes in tangible assets	(29,938)	-
Intangible assets	(5,150)	(3,564)
Other changes in intangible assets	(39,659)	-
Equity investments in associated companies	(143)	-
Acquisitions/disposals net of cash acquired/sold		-
Assets available for sale	-	-
B. Cash flow generated/(absorbed) by investing activities	**(103,557)**	**(31,591)**
Exchange rate differences from the translation of financial statements in foreign currency	(8,596)	92
Derivative financial instruments	1,567	(2,614)
Change in current payables to banks and other lenders	(57,000)	74,601
Change in non-current payables to banks and other lenders	60,697	7,488
Financial assets	12,829	684
Changes in shareholders' equity	75,759	-
Bond Issues	-	-
Dividends distributed by the parent company	(20,699)	(30,367)
C. Cash flow generated/(absorbed) by financing activities	**64,557**	**49,884**
Opening cash and cash equivalents	**114,237**	**123,349**
Net cash flow generated/(absorbed) by operating activities (A)	54,528	(27,405)
Net cash flow generated/(absorbed) by investing activities (B)	(103,557)	(31,591)
Net cash flow generated/(absorbed) by financing activities (C)	64,557	49,884
Total change in cash and cash equivalents (A)+(B)+(C)	**15,528**	**(9,112)**
Cash and cash equivalents at the end of the year	**129,765**	**114,237**

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
Financial Statements at 31 December 2021	**68,998**	**22,454**	**13,800**	**3,521**	**(5,598)**	**-**	**38,465**	**30**	**(6,268)**	**-**	**166,174**	**60,950**	**362,526**	**362**	**362,888**
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
Financial Statements at 31 December 2022	**68,998**	**22,454**	**13,800**	**3,521**	**(5,598)**	**11,709**	**42,572**	**649**	**(3,929)**	**1,123**	**180,808**	**49,921**	**386,029**	**294**	**386,323**
Result allocation						24,897					25,024	(49,921)	-		-
Dividends						(20,699)							(20,699)		(20,699)
Conversion difference											(8,596)		(8,596)	265	(8,331)
Contribution of shares in Joint Ventures											(10,105)		(10,105)	10,105	-
Other components of the comprehensive income statement							11,883	(346)	(944)	562			11,155		11,155
Acquisition of share from Joint Venture											41,932		41,932	25,015	66,947
Profit/loss for the year												53,330	53,330	2,998	56,328
Financial Statements at 31 December 2023	**68,998**	**22,454**	**13,800**	**3,521**	**(5,598)**	**15,907**	**54,455**	**303**	**(4,873)**	**1,685**	**299,063**	**53,330**	**453,046**	**38,667**	**491,722**

4.3
Notes to the Consolidated Financial Statements

Company information

The consolidated financial statements of Epta S.p.A. (hereinafter also referred to as the "Epta Group" or the "Group") for the financial year ending 31 December 2023 was approved by the Board of Directors on 28 March 2024. 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 includes 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 that would otherwise be recorded at amortized cost, is adjusted to keep account for changes in fair value attributable to 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; or
- 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;
- 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 2023, the composition of the Group changed as follows:
- Establishment of Epta Central North Europe B.V. to manage the joint venture with the Viessmann Group based in the Netherlands. Epta S.p.A. (Epta) and Viessmann Refrigeration Solutions (VRS) signed an agreement to create a joint venture to create a new leader in commercial refrigeration in Central and Northern Europe. Both companies decided to merge their respective business activities, which include all VRS activities in Germany, Poland, the Czech Republic, Slovakia, Denmark, Finland, Sweden, Norway and the Baltic States, and Epta's activities in Germany, Poland, Denmark,

Finland and Norway. Through this union, Epta and VRS will significantly strengthen their offer and presence in Central and Northern Europe. Epta holds 70% of the shares in Epta Central North Europe B.V. and VRS 30%. This acquisition did not result in any new goodwill.

- Acquisition of the refrigeration and professional air conditioning business of HEIFO GmbH & Co. KG. (HEIFO). Based in Osnabrück, Germany, HEIFO is a fourth-generation family business with experience in industrial and commercial refrigeration services as well as professional air-conditioning and food industry solutions. Founded in 1856, the company has over 160 years of experience in the development and implementation of professional air conditioning and refrigeration solutions. Heifo's know-how and its structured network of technicians will enable Epta to further expand its position as a full-service provider for food retail and food & beverage.
- Acquisition of minority interests from third-party shareholders in Epta Suomi now held 100%.

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:

a. power over the entity being invested in;
b. exposure or rights to variable returns arising from the relation with the entity of the investment;
c. 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:

a. contractual agreements with other holders of voting rights;
b. rights deriving from contractual agreements;
c. 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:

a. 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;
b. 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;
c. Monetary assets and liabilities are translated at the exchange rate on the reporting date;
d. 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;
e. 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
31.12.2023	**4.06**	**892.86**	**1.63**	**0.93**	**977.52**	**7.85**	**4,273.50**	**575.71**
2023 average	3.97	892.86	1.63	0.97	907.44	7.66	4,694.84	587.20
31.12.2022	3.92	188.50	1.57	0.98	914.08	7.36	5,181.35	631.31

	Danish Krone	British Pound	Quetzal guatem.	Mexican Pesos	Malaysian Ringgit	Norway Krone	Nuevo Sol	Philippine Peso
	DKK	GBP	GTQ	MXN	MYR	NOK	PEN	PHP
31.12.2023	**7.45**	**0.87**	**8.64**	**18.72**	**5.08**	**11.24**	**4.08**	**61.28**
2023 average	7.45	0.87	8.47	19.21	4.93	11.42	4.05	59.94
31.12.2022	7.44	0.89	8.37	20.86	4.70	10.51	4.05	59.32

	Polish Zloty	Romanian Lei	Saudi Arab. Riyal	Swedish Krona	Thai Baht	US Dollar	Franc CPF	Czech Koruna
	PLN	LEI	SAR	SEK	THB	USD	XPF	CZK
31.12.2023	**4.34**	**4.98**	**4.14**	**11.10**	**37.97**	**1.11**	**119.33**	**24.41**
2023 average	4.54	4.95	4.06	11.47	37.63	1.08	119.33	23.95
31.12.2022	4.68	4.95	4.00	11.12	36.84	1.07	119.33	

	Vietnamese Dong
	VND
31.12.2023	**4.34**
2023 average	4.54
31.12.2022	4.68

(*) 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 2023 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 the 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.

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 is approved by the Board of Directors of the Parent Company.

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 through profit or loss, 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 through profit or loss;
- financial assets at fair value through other comprehensive income.

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 through other comprehensive income

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 statement of comprehensive income.

Financial assets at fair value through profit or loss

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.

Impairment of financial assets

The Group recognizes an expected credit loss (ECL) write-down for all financial assets represented by debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due under the contract and all the cash flows the Group expects to receive. Expected cash flows take into account any enforcement of collateral held or other credit guarantees that are part of the contractual terms.

For trade receivables, the Group recognizes the expected loss at each reporting date based on historical information, revised to consider prospective elements with reference to specific types of debtors and their economic environment.

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 in accordance with IAS 37.

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 favor 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 the Chief Executive Officer and Executives with Strategic Responsibilities, there is also a lock-up period of 24 months starting from the allocation with reference to the 40% of shares allocated Each year, a new cycle begins, based on a rolling frequency: in 2023, the second cycle (2023-2025) began, which envisages the allocation to managers and/or key figures of the Group of a certain number of "Rights" to receive free shares, Rights that will effectively turn into the same number of shares upon achievement of the aforementioned objectives. 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 favor 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).

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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 2023 at a value that is not greater than their recoverable amount. Specifically, the Company recognizes goodwill of Euro 72.7 million in the consolidated financial statements at 31 December 2023.

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 2023 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 2023

IFRS 17 insurance contracts

IFRS 17 was issued by the IASB in 2017 and replaces IFRS 4 for the financial year beginning 1 January 2023. Since IFRS 17 applies to all insurance contracts issued by an entity (with limited exclusions), its adoption may have an effect on non-insurers such as Layout Group.

The Group conducted an assessment of its contracts and assets and concluded that the adoption of IFRS 17 had no impact on the Group's consolidated financial statements.

Disclosure of Accounting Policies (Amendments to IAS 1) and IFRS Practice Statement 2 (Making Materiality Judgements)

In February 2022, the IASB published amendments to IAS 1 and IFRS Practice Statement 2. The amendments aim to make the disclosure of accounting standards clearer by replacing the requirement to disclose "significant accounting standards" with "relevant information on accounting standards". The amendments also provide guidance on under what circumstances accounting policy information may be considered material and therefore require disclosure.

These changes did not have any effect on the valuation or presentation of any items in the Group's consolidated financial statements, but do affect the Group's disclosure of accounting policies.

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments to IAS 8, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless they result from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimates, changes in accounting policies and prior period errors.

These changes had no effect on the Group's consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

In May 2022, the IASB published amendments to IAS 12 that clarify whether the exemption from initial recognition applies to certain transactions involving the simultaneous recognition of an asset and a liability (e.g. a lease under IFRS 16). The amendments introduce an additional criterion for the exemption from initial recognition, whereby the exemption does not apply to the initial recognition of an asset or liability that, at the time of the transaction, gives rise to equal taxable and deductible temporary differences. These changes had no effect on the Group's consolidated financial statements.

Impacts of Pillar 2 OECD REFORM

In December 2022, the Organization for Economic Cooperation and Development (OECD) published a draft legislative framework for a global minimum tax to be used by individual jurisdictions. The objective of the framework is to reduce profit shifting from one jurisdiction to another in order to reduce global tax obligations in corporate structures. In March 2022, the OECD published detailed technical guidance on Pillar 2 standards.
Stakeholders raised concerns with the IASB about the potential implications on income tax accounting, in particular with regard to deferred taxes, resulting from the Pillar 2 rules. On 23 May 2023, the IASB published the final amendments to the International Tax Reform - Model Rules for Pillar II, in response to stakeholders' concerns.

The amendments introduce a mandatory exception for entities from the recognition and disclosure of deferred tax assets and liabilities related to the rules of the Pillar II model. The exception has immediate and retroactive effect. The amendments also provide for additional disclosure requirements in relation to the entity's exposure to Pillar 2 income taxes.

The Group does not expect significant impacts from the adoption of this amendment.

New standards, interpretations and amendments not yet effective

There are numerous standards, amendments to standards and interpretations that have been issued by the IASB, but which will be effective in future accounting periods that the Group has decided not to apply in advance.
The following amendments are effective as of the financial year beginning 1 January 2024:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements) and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures).

The following amendments are effective as of the financial year beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

Notes to the Balance Sheet

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 2023, the application of IAS 29 resulted in the recognition of a total income (net of taxation) of Euro 2,192 thousand in the income statement and a positive effect of Euro 2,727 thousand in shareholders' equity.

The effects of IAS 29 accumulated at 31 December 2023 are shown below (amounts in Euro thousands):

	Cumulative hyper-inflation effect at 31 December 2023	Cumulative hyper-inflation effect at 31 December 2022
Increase in assets	6,099	6,075
Increase in liabilities	(1,180)	(2,330)
Increase in shareholders' equity (net of result)	(2,727)	(3,902)
Effect on losses for the period	(2,192)	157

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 2023 and 2022 consisted of the following:

(Euro thousands)	31.12.2023			31.12.2022			
	Gross Value	Accumulated depreciation	Net Value	Gross Value	Accumulated depreciation	Net Value	Net change
Land and buildings	218,684	(82,365)	136,319	191,565	(76,818)	114,746	21,572
Plants and machinery	205,616	(153,024)	52,592	183,141	(146,394)	36,746	15,845
Industrial and commercial equipment	82,304	(73,441)	8,863	79,116	(70,967)	8,149	714
Other assets	19,874	(14,837)	5,036	17,651	(14,794)	2,857	2,179
Assets in progress and advances	14,859	-	14,859	24,431	-	24,431	(9,573)
Total	**541,336**	**(323,668)**	**217,668**	**495,904**	**(308,973)**	**186,930**	**30,738**

The analysis of net changes in fixed assets:

Net Value	Opening	Increases	Decreases	*Fair Value*	Exchange rate differences	Reclassifica-tions	Other changes	Closing
Land and buildings	114,746	1,058	(41)	15,876	(5,795)	5,174	5,300	136,319
Plants and machinery	36,746	2,597	(259)	106	(465)	11,261	7,800	52,592
Industrial and commercial equipment	8,149	(1,096)	-	-	(17)	1,751	76	8,863
Other assets	2,857	1,713	(75)	-	(102)	(24)	667	5,036
Assets in progress and advances	24,431	8,914	(228)	-	(210)	(18,161)	112	14,859
Total	**186,930**	**7,992**	**(603)**	**15,983**	**(6,590)**	**-**	**13,955**	**217,668**

The column other changes mainly contains increases in fixed assets from the companies acquired in 2023, net of the increase in accumulated depreciation.

The main projects related to operational processes included:

- Extension of the Limana plant for about Euro 0.6 million;
- Investments to set up the new logistics hub in Vigasio (VR), with the aim of centralizing and rationalizing external warehouses of finished products and spare parts, with positive effects on the reduction of total rental and distribution costs, creating distribution synergies through the definition of a single standardized distribution model;
- The implementation of the Customer Relationship Management system aimed at improving the management of information relating to customers and the management of commercial opportunities in the Group's various business areas, and of the service activity management module (Field Service), which will allow both more efficient management of service calls requested by customers and more effective control of technical problems occurring on the product;
- The adoption of cloud computing (migration of the entire Epta infrastructure to cloud services) to improve the quality of services and reduce the costs of maintaining the infrastructure, to strengthen its security, scalability and availability with the aim of ensuring an adequate level of security in the digitization of processes and the industrialization of products;

- Investments in the development of solutions to increasingly improve the energy and environmental performance of Epta's products, continuing the search for innovative solutions in line with the company's history and the market's growing need for efficient and sustainable products;
- Investments for the industrialization process of production lines at the Kysor Warren plant (USA) for about Euro 6 million, at the Epta France plant (France) for about Euro 2.4 million and at the Limana plant (Italy) for about Euro 3.7 million;
- Expansion of the Epta Istanbul (Turkey) plant for about Euro 1 million.

Investments in the research and development area mainly relates to the purchase of material for the design and industrialization of refrigeration units.

Note 2 Right of Use

The item "right of use" includes leases as a result of the application of IFRS16:

(Euro thousands)	31.12.2023 Net Value	31.12.2022 Net Value	Net change
Right of use	55,715	23,996	31,718
TOTAL	**55,715**	**23,996**	**31,718**

Changes in right of use and accumulated amortization are analyzed as follows:

(Euro thousands)	Opening	Increases	Amortization/ depreciation	Exchange rate differences	Other changes	Closing
Right of use	23,996	32,431	(14,211)	37	13,461	55,715
Total	**23,996**	**32,431**	**(14,211)**	**37**	**13,461**	**55,715**

The column other changes contains the right-of-use increases from the companies acquired in 2023.

The column increases refers mainly to new leases and cars and vehicles for 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	*Fair Value*	Other changes	Closing
Property investments	1,450	-	-	(20)	-	1,430
Total	**1,450**	**-**	**-**	**(20)**	**-**	**1,430**

The change is related to the adjustment of the value of the aforementioned building following the update of the appraisal on it.

Note 4 Goodwill and other intangible assets with indefinite life

Goodwill at 31 December 2023 amounted to Euro 72,724 thousand (Euro 67,342 thousand at 31 December 2022). 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)	31.12.2023	31.12.2022	Change
Retail	42,984	37,602	5,382
Food and Beverage	29,740	29,740	-
Total	**72,724**	**67,342**	**5,382**

The increase is related to the acquisition of HEIFO Kältetechnik GmbH and, in particular, to the allocation to goodwill of the portion of the price paid not directly attributable to the fair value of the assets and liabilities acquired, relating to the expectations of obtaining a positive contribution in terms of cash flow for an indefinite period. It should be noted that the acquisition of the former Viessmann Group companies did not generate any additional goodwill.

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 7.1% for EMEA, 8.1% for Americas and 6.6% for APAC (at 31 December 2022: 7.5 % for EMEA, to 8.0 % for Americas and 7.2 % for APAC).

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 (2027), appropriately adjusted to reflect an "operational" situation.

The impairment test performed, which was approved by the Company's Board of Directors on 28 March 2024, revealed the need to write down the value of the investment in Epta Argentina.

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 has shown, with reference to the various CGUs, that the value remained stable even with significant deviations of one or more assumptions at the base of the model (break-even level not reached even using a WACC greater than 1% and keeping all other assumptions unchanged; break-even level not reached even considering growth rates of 0, keeping all other assumptions unchanged).

Note 5 Intangible assets

Intangible assets at 31 December 2023 and 31 December 2022 are as follows:

(Euro thousands)	31.12.2023 Net Value	31.12.2022 Net Value	Net change
Development costs	4,199	4,622	(423)
Industrial patent and intellectual property rights	5,548	519	5,028
Concessions, licenses and similar rights	3,756	3,579	178
Assets in progress and advances	5,589	1,936	3,654
Other intangible assets	213	145	68
Total	**19,305**	**10,800**	**8,505**

Changes in intangible assets were as follows (amounts in Euro thousands):

Net Value (Euro thousands)	Opening	Increases	Decreases	Reclassifica-tions	Exchange rate differences	Other changes	Closing
Development costs	4,622	(462)	-	33	5	-	4,199
Industrial patent and intellectual property rights	519	(14)	-	-	(46)	5,088	5,548
Concessions, licenses and similar rights	3,579	(540)	(175)	894	(26)	24	3,756
Assets in progress and advances	1,936	4,637	-	(928)	(55)	-	5,589
Other intangible assets	145	(30)	-	-	(13)	110	213
Total	**10,800**	**3,591**	**(175)**	**-**	**(134)**	**5,223**	**19,305**

The column other changes contains mainly amounts from the new scope of consolidation resulting from the acquisitions made in 2023.

Costs with long-term utility amounting to Euro 4,637 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 "Investments" at 31 December 2023 amounts to Euro 487 thousand (Euro 344 thousand at 31 December 2022).

Changes in investments are shown below:

Net Value	Opening	Increases	Decreases	Exchange rate differences	Reclassifica-tions	Other changes	Closing
Investments in subsidiaries	-	-	-	-	-	-	-
Investments in associated companies	-	-	-	-	-	-	-
Other investments	344	-	-	-	-	143	487
Total	**344**	**-**	**-**	**-**	**-**	**143**	**487**

The change in the year is related to two participations from the Viessmann perimeter, CoolTeam Bergen AS and CoolTeam Midt Norge AS, both 34% owned and operating in Norway.

Note 7 Non-current derivative financial instruments

(Euro thousands)	31.12.2023	31.12.2022	Change
Derivative financial instruments - non-current	373	1,148	(775)
Total	**373**	**1,148**	**(775)**

At 31 December 2023, the value of derivative instruments was an asset with a total value of Euro 1,047 thousand (Euro 2,614 thousand at 31 December 2022), of which Euro 373 thousand was long-term.

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 2023, 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 2023 is Euro 7,000 thousand; its fair value is positive by Euro 373 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 2023 is Euro 1,250 thousand; its fair value is positive by Euro 25 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, it should be noted that it is checked annually with the support of specially appointed 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 signed	Expiry date	Countervalue in euro	Countervalue in euro at 31.12.2023
USD	19,000	03-Nov	07-Feb	17,749	17,139
AUD	1,500	03-Nov	07-Feb	905	920
NOK	590	03-Nov	07-Feb	50	52
RON	33,300	03-Nov	07-Feb	6,615	6,641
RON	(33,300)	21-Dec	07-Feb	(6,693)	(6,690)
Total				**18,625**	**18,063**

Note 8 Other non-current assets

Other non-current assets at 31 December 2023 amounted to Euro 1,106 thousand (Euro 92 thousand at 31 December 2022) and included long-term prepayments by the Parent Company Epta Spa.

Note 9 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)	31.12.2023	31.12.2022	Change
Inventory obsolescence provision	2,484	3,507	(1,023)
Provision for doubtful accounts	1,015	1,493	(478)
Provisions for risks and charges	2,394	2,701	(307)
Employee benefits	3,145	2,938	207
Tax losses	9,618	11,946	(2,328)
Tangible assets	6,260	1,363	4,897
Ifrs16	4,627	3,811	816
Other	3,725	4,586	(861)
Total	**33,267**	**32,345**	**922**

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 10 Other non-current financial assets

Other non-current financial assets at 31 December 2023 amounted to Euro 814 thousand (Euro 1,043 thousand at 31 December 2022) and refer to security deposits paid by Group companies.

Note 11 Inventories

Inventories at 31 December 2023 and 31 December 2022, shown net of the inventory write-down provision, are as follows:

(Euro thousands)	Gross Value	Inventory write-down provision	Net Value
Raw, ancillary and consumable materials	113,144	(9,925)	103,219
Work in progress and semi-finished products	89,586	(652)	88,934
Finished products and goods	129,859	(8,564)	121,295
Inventories at 31.12.2023	**332,589**	**(19,141)**	**313,448**
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
Inventories at 31.12.2022	**290,501**	**(17,831)**	**272,670**

The increase in this item of Euro 40,778 thousand is mainly attributable to the change in the scope of consolidation.

Changes in the inventory obsolescence provision are as follows:

(Euro thousands)	Opening	Increases	Use	Release	Other changes	Closing
Obsolescence provision	(17,831)	(5,200)	1,327	3,138	(575)	(19,141)
Total	**(17,831)**	**(5,200)**	**1,327**	**3,138**	**(575)**	**(19,141)**

The item "other changes" is attributable to the change in the scope of consolidation in the amount of Euro 647 thousand; the remaining amount refers to the exchange rate delta for the period.

Note 11 Trade Receivables

Trade receivables at 31 December 2023 and 31 December 2022, net of the related provision, consisted of the following:

(Euro thousands)	31.12.2023	31.12.2022	Change
Customers	385,465	361,475	23,990
Provision for doubtful accounts	(11,135)	(15,422)	4,287
Total	**374,330**	**346,053**	**28,277**

The value of the average collection days in 2023 was 87 days (84 days in 2022) with an improving trend in the final part of the year.

The balance of trade receivables at 31 December 2023 was higher than at 31 December 2022, mainly due to the change in the scope of consolidation, which resulted in an increase of Euro 44,205 thousand. On a like-for-like basis, trade receivables decreased by Euro 16 million.

Note 13 Other current financial assets

Other current financial assets at 31.12.2023 amounted to Euro 4,895 thousand (Euro 17,742 thousand at 31 December 2022) and mainly refer to temporary investments of liquidity made by the parent company Epta S.p.A. in mutual funds and investment certificates, for Euro 3,146 thousand and Euro 1,580 thousand, respectively.

Note 14 Tax receivables

Tax receivables at 31 December 2023 and 2022 consist of the following:

(Euro thousands)	31.12.2023	31.12.2022	Change
Receivables for VAT	13,144	9,645	3,499
Other tax receivables	8,497	4,842	3,655
Total	**21,641**	**14,487**	**7,154**

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. The change in the scope of consolidation contributed Euro 1,805 thousand to the increase for the period.

Note 15 Other current assets

Other current assets at 31 December 2023 and 31 December 2022 consisted of the following:

(Euro thousands)	31.12.2023	31.12.2022	Change
Receivables from social security institutions	187	181	6
Accrued and deferred assets	12,701	9,462	3,239
Other assets	10,748	15,513	(4,765)
Total	**23,637**	**25,156**	**(1,519)**

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.

Note 16 Current derivative financial instruments

(Euro thousands)	31.12.2023	31.12.2022	Change
Derivative financial instruments - current	674	1,466	(792)
Total	**674**	**1,466**	**(792)**

At 31 December 2023, the value of derivative instruments was an asset with a total value of Euro 1,047 thousand, of which Euro 674 thousand was short-term.

For further details, see Note 7 Non-current financial instruments.

Note 17 Cash and cash equivalents

Cash and cash equivalents at 31 December 2023 amounted to Euro 129,765 thousand (Euro 114,237 thousand at 31 December 2021), an increase of Euro 15,528 thousand in the year. The change in scope weighed on the year's increase by Euro 13,057 thousand.

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 491,722 thousand (Euro 386,323 thousand at 31 December 2022). Compared to the previous year, this item increased by Euro 105,399 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 2023, the Parent Company's share capital amounted to Euro 68,998 thousand, divided into 137,996,000 shares with no par value.

Reserves

Details of this item, amounting to Euro 50,085 thousand, are provided below:

Legal reserve
The legal reserve, equal to 20% of the capital, amounted to Euro 13,800 thousand at 31 December 2023.

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 2023 amounted to Euro 15,907 thousand and increased by Euro 24,897 thousand following the allocation of the previous year's result and decreased by Euro 20,669 thousand following the distribution of dividends to shareholders approved by the Shareholders' Meeting on 30 March 2023.

Reserve for purchase of treasury shares
The reserve for purchase of treasury shares at 31 December 2023 amounted to Euro 3,521 thousand and remained unchanged compared to the previous period.

Treasury shares reserve
At 31 December 2023, 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 280,663 thousand at 31 December 2023, includes:

Reserve for retained earnings and translation reserve
The reserve for retained earnings at 31 December 2023, including the translation reserve, amounted to Euro 229,063 thousand. The reserve includes the contribution from joint ventures in the amount of Euro 41,932 thousand.

Fair Value Reserve for Land and Buildings
The fair value reserve for land and buildings at 31 December 2023 was Euro 54,455 thousand.

Cash Flow Hedge Reserve
The Cash Flow Hedge reserve at 31 December 2023 amounted to Euro 303 thousand.

Reserve for Employee Benefits
The reserve for employee benefits at 31 December 2023 is negative by Euro 4,873 thousand.

Stock Grant Reserve
The reserve, established in 2022, referred to the valuation of the stock grant plan set up in favor of certain employees and amounted to Euro 1,685 thousand.

The following is a reconciliation of the parent company's equity and results to the consolidated equity and results.

	31.12.2023	
	Shareholders' equity	Result
Parent company	210,521	54,574
Equity and results of consolidated companies	770,871	57,938
Elimination of the value of investments	(536,777)	
Elimination of dividends		(75,037)
Minority shares	38,677	2,998
Elimination of intercompany profits and consolidation adjustments	8,430	15,885
Total Group shareholders' equity	**491,722**	**56,328**

Minorities' equity

At 31 December 2023, the portion of shareholders' equity attributable to minority interests totaled Euro 38,677 thousand (Euro 294 thousand at 31 December 2022) and related to Iarp Service Co Ltd, Sofrico Sarl and the new companies included in the Epta CNE joint venture.

Note 19 Medium/long-term financial payables

Medium- to long-term financial payables at 31 December 2023 and 31 December 2022 consisted of the following:

(Euro thousands)	31.12.2023	31.12.2022	Change
Long-term financial payables	154,394	92,019	62,374
Bonds	27,149	28,041	(892)
Medium/long-term lease payables	38,056	11,092	26,965
Total	**219,599**	**131,152**	**88,447**

Medium/long-term financial payables include the portion of loans currently due after one year.

The increase in medium- and long-term financial payables is a consequence of new long-term loans granted to Epta S.p.A. in 2023 by the European Investment Bank and Cassa Depositi e Prestiti.

The medium- and long-term bank loans are not secured by collateral, with the exception of the loan from Jyske Bank that was contracted by the Danish subsidiary Epta Refrigeration Denmark A/S (formerly Knudes Cooling A.S.), whose residual debt as at 31 December 2023 is a countervalue of Euro 1,383 thousand maturing 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:

	2,025	2026	2027	2028	2029	Total
Long-term financial payables	323	70,556	29,747	25,802	55,115	181,543

Note 20 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)	31.12.2023	31.12.2022	Change
Liabilities for employee benefits	24,527	24,704	(177)
Total	**24,527**	**24,704**	**(177)**

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):

	31.12.2023	31.12.2022	Changes
Breakdown of liabilities for employee benefits	24,704	29,562	(4,858)
Cost related to current services	711	259	452
Financial expenses	930	553	377
Actuarial (gains)/losses	1,247	(2,479)	3,726
Benefits paid	(2,815)	(3,199)	384
Currency conversion differences	117	219	(102)
Net present value of the obligation at year-end	24,894	24,915	(21)
Other employee benefits	(367)	(211)	(156)
Total liabilities for employee benefits	**24,527**	**24,704**	**(177)**

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:

	31.12.2023	31.12.2022
Discount rate	3.17% - 9.60%	1.60% - 9.10%
Expected return on pension fund assets	up to 2.25%	up to 3.65%
Average rate of increase in wages and salaries	2.00% - 8.00%	2.00% - 7.00%

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 2023 of the defined employee benefit liability assuming reasonable changes in key assumptions at the reporting date.

	Change
Discount rate +0.50%	(5,514)
Discount rate +0.25%	(5,192)
Discount rate -0.25%	(1,624)
Discount rate -0.50%	(1,051)

Note 21 Provisions for risks and charges

At 31 December 2023, provisions for risks and charges amounted to Euro 24,757 thousand (Euro 19,727 thousand at 31 December 2022), 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)	Warranty provision	Customer supplementary indemnity provision	Other provisions	Total
Opening	**6,499**	**910**	**12,319**	**19,727**
Increases	3,149	142	4,759	8,049
Use	(318)	(406)	(3,493)	(4,217)
Release	(1,409)	-	(2,205)	(3,614)
Other changes	2,258	-	2,146	4,404
Closing	**10,178**	**646**	**13,525**	**24,348**

The item other changes essentially represents the change in provisions related to the change in the scope of consolidation. The characteristics of existing risk provisions are listed below.

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 22 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)	31.12.2023	31.12.2022	Change
Tangible assets	13,997	10,370	3,628
Ifrs16	4,347	2,815	1,532
Other	2,936	2,980	(44)
Total	**21,280**	**16,164**	**5,116**

Note 23 Other non-current liabilities

Other non-current liabilities amounted to Euro 1,889 thousand (Euro 1,431 thousand at 31 December 2022). The amount refers mainly to the relative earn-out payables generated following the acquisitions (Euro 823 thousand) and the long-term portion of deferred liabilities on service contracts (Euro 1,047 thousand).

Note 24 Short-term financial payables

Details of the balance at 31 December 2023 and 31 December 2022 are as follows:

(Euro thousands)	31.12.2023	31.12.2022	Change
Current portion of long-term financial payables	56,373	20,476	35,897
Short-term payables to banks and loans	33,709	117,984	(84,275)
Short-term lease payables	17,174	32,682	(15,509)
Total	**107,256**	**171,143**	**(63,886)**

The reduction in short-term financial payables is mainly a consequence of the disbursement of new medium- and long-term loans to Epta S.p.A. in 2023.

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 25 Trade payables

Trade payables at 31 December 2023 amounted to Euro 227,407 thousand (Euro 236,242 thousand at 31 December 2022) and represent the Group's payables to third parties for the supply of goods and services.

(Euro thousands)	31.12.2023	31.12.2022	Change
Payables to suppliers	227,404	236,242	(8,837)
Total	**227,407**	**236,242**	**(8,838)**

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 26 Tax payables

The breakdown of tax payables at 31 December 2023 and 31 December 2022 is as follows and corresponds to the allocation for current taxes for the year and other tax payables:

(Euro thousands)	31.12.2023	31.12.2022	Change
Income tax payables	6,168	6,579	(411)
Direct taxes payables (VAT)	17,295	16,033	1,263
Other tax payables	10,238	8,634	1,603
Total	**33,701**	**31,246**	**2,455**

The item Other taxes mainly includes payables to the tax authorities with regard to employees.

Note 27 Other current liabilities

Details of other current liabilities at 31 December 2023 and 2022 are as follows:

(Euro thousands)	31.12.2023	31.12.2022	Change
Advances received	46,997	36,243	10,755
Social security payables	8,628	10,052	(1,424)
Payables to personnel	38,885	29,994	8,891
Payables to agents	2,823	4,314	(1,490)
Other payables	22,217	18,551	3,667
Total	**119,551**	**99,153**	**20,398**

The change of scope brought with it an increase of Euro 30,503 thousand, of which mainly advances received amounting to Euro 20,755 thousand.

The item Payables to personnel mainly includes payables for salaries.

Other payables mainly include Euro 15,175 thousand of accrued expenses and deferred income and various provisions.

Notes to the Income Statement

Note 28 Revenues from sales and services

Sales revenues for the year increased from Euro 1,333,828 thousand in 2022 to Euro 1,396,437 thousand in 2023, an increase of 5%.

Note 29 Other revenues and income

Details of other revenues and income for 2023 and 2022 are as follows:

(Euro thousands)	2023	2022	Change
Grants	1,940	1,926	14
Sale of scrap	2,335	2,944	(609)
Charge-back transport costs	17,245	22,922	(5,676)
Other revenues	14,214	5,929	8,285
Total	**35,734**	**33,721**	**2,014**

The item grants mainly includes public grants obtained from the European Union for the Life C4R project aimed at fostering more eco-sustainable production, and grants obtained from the Epta Quingdao subsidiary aimed at fostering specific industrial investments (item "Other" 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 2023 are annexed below:

Project	Amount 31.12.2023
Life Project	109
Fondimpresa	446
Electricity and gas tax credit	887
Other tax credits	460
Other	38
Total	**1,940**

The item other revenues 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:

in Euro thousands and as a percentage of net revenues	At 31 December 2023	%	At 31 December 2022	%	Changes 2023 vs 2022	
Revenues Retail BU	1,068,740	75%	1,061,763	78%	6,977	1%
Revenues After Sales BU	268,844	19%	214,508	16%	54,336	25%
Revenues Food & Beverage BU	94,561	7%	89,577	7%	4,984	6%
Net Revenues	**1,432,145**	**100%**	**1,365,848**	**100%**	**66,297**	
Non-core revenues	26		1,700		(1,674)	-98%
Total Revenues	**1,432,171**		**1,367,548**			

Net Revenues in Euro thousands and as a percentage of revenues from sales and services	At 31 December 2023	%	At 31 December 2022	%	Changes 2023 vs 2022	
Italy (*)	186,253	13%	175,381	13%	10,872	6%
France (*)	252,520	18%	241,836	18%	10,684	4%
Germany (*)	161,635	11%	168,513	12%	(6,877)	-4%
United Kingdom (*)	107,011	7%	116,192	9%	(9,181)	-8%
Other EMEA countries (*)	313,450	22%	242,371	18%	71,079	29%
NAM (**)	248,144	17%	197,724	14%	50,420	26%
LATAM (***)	64,394	4%	67,439	5%	(3,045)	-5%
APAC (****)	91,577	6%	101,947	7%	(10,370)	-10%
Other countries	7,160	0%	54,445	4%	(47,285)	-87%
Net revenues	**1,432,146**	**100%**	**1,365,847**	**100%**	**66,299**	**5%**
Non-core revenues	26		1,700		(1,674)	
Total Revenues	**1,432,172**		**1,367,547**		**64,625**	**5%**

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

Note 30 Costs for raw and ancillary materials, consumables and goods

A breakdown of Costs for raw and ancillary materials, consumables and goods for 2023 and 2022 is as follows:

(Euro thousands)	2023	2022	Change
Purchase of raw materials	(608,058)	(604,438)	(3,620)
Change in finished products	(12,023)	(716)	(11,307)
Total	**(620,081)**	**(605,154)**	**(14,927)**

The change in the scope of consolidation determined an increase in the item of Euro 25,128 thousand.

Note 31 Costs for services

Details of the cost of services for 2023 and 2022 are as follows:

(Euro thousands)	2023	2022	Change
Maintenance	(10,884)	(10,081)	(803)
Commissions	(9,353)	(9,243)	(110)
Consultancy	(14,429)	(13,431)	(998)
Advertising costs	(2,577)	(1,863)	(714)
Transport	(50,698)	(58,149)	7,450
Travel costs	(17,135)	(15,683)	(1,452)
Costs for use of third-party assets	(19,371)	(16,633)	(2,738)
Other services	(196,189)	(184,458)	(11,731)
Total	**(320,635)**	**(309,540)**	**(11,096)**

The item Other services mainly comprises installation costs of Euro 132,329 thousand (Euro 122,934 thousand in 2022), costs for sub-supply contracts of Euro 12,614 thousand (Euro 16,980 thousand in 2022) and costs for outsourced processing of Euro 22,281 thousand (Euro 14,341 thousand in 2022).

The item "Costs for use of third-party assets" refers to individual contracts of short duration or of individually insignificant amounts.

The change in the scope of consolidation led to an increase in the item of Euro 8,928 thousand.

Note 32 Personnel costs

Personnel costs for 2023 and 2022 consist of the following:

(Euro thousands)	2023	2022	Change
Wages and salaries	(263,326)	(256,298)	(7,028)
Social security costs	(66,299)	(61,192)	(5,107)
Other labor costs	(11,760)	(7,063)	(4,697)
Total	**(341,385)**	**(324,553)**	**(16,832)**

Labor costs reached Euro 341,385 thousand compared to Euro 324,553 thousand in 2022. The increase is mainly due to the growth in personnel related to the joint venture with the Viessmann Group.

The Group headcount figure at 31 December 2023 was one unit.

On a like-for-like basis compared to the previous year, the number of employees would have been 6,979.

The breakdown by workforce category is as follows:

Number of employees (point-in-time)	2023	2022	Change
Executives, staff and indirect	3,142	2,696	446
Direct, temporary and interim	4,911	4,152	759
Total	**8,053**	**6,848**	**1,205**

Note 33 Amortization and depreciation

The amortization and depreciation item, amounting to Euro 41,153 thousand, shows an increase of Euro 1,640 thousand compared to the 2022 financial year.

Note 34 Provisions / Releases

Net provisions, amounting to Euro 22 thousand, showed a decrease of Euro 812 thousand compared to the year 2022 (Euro 834 thousand), mainly due to releases made during the year.

Note 35 Other operating costs

Other operating costs for 2023 and 2022 consist of the following:

(Euro thousands)	2023	2022	Change
Other operating costs	(6,101)	(5,343)	(758)
Other taxes and duties	(3,594)	(4,073)	478
Total	**(9,695)**	**(9,416)**	**(279)**

The increase in the period is mainly justified by the change in the scope of consolidation.

Note 36 Financial income

Financial income amounted to Euro 5,143 thousand (Euro 642 thousand in 2022) and mainly included bank interest income, income from investments held by the parent company, and the impact of Argentine hyperinflation.

Note 37 Financial expenses

Financial expenses for 2023 and 2022 consist of the following:

(Euro thousands)	2023	2022	Change
Interest expense on mortgages and loans	(10,053)	(2,821)	(7,232)
Other financial expenses	(3,711)	(6,194)	2,483
Interest cost (IAS 19)	(829)	(167)	(662)
Total	**(14,593)**	**(9,182)**	**(5,411)**

The increase is due to the higher cost of debt compared to the previous year.

Note 38 Foreign exchange gains/losses

Foreign exchange gains/losses for 2023 and 2022 consist of the following:

(Euro thousands)	2023	2022	Change
Foreign exchange gains/losses	(7,485)	(4,517)	(2,952)
Total	**(7,485)**	**(4,517)**	**(2,952)**

Note 39 Income taxes

Income taxes for 2023 and 2022 consist of the following:

(Euro thousands)	2023	2022	Change
Current taxes	(26,549)	(19,738)	(6,811)
Deferred tax assets and liabilities	613	4,274	(3,661)
Total	**(25,936)**	**(15,465)**	**(10,471)**

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 shows the comparison of values and the hierarchy of the valuation of fair value for Epta Group's assets:

Description	Notes	Book value	*Fair value*	Prices quoted in an active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Instrumental land and buildings	1	136,319	136,319		136,319	
Property investments	2	1,430	1,430		1,430	
Derivative financial instruments	7	373	373		373	
Total assets		**138,122**	**138,122**	**-**	**138,122**	**-**

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.

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 analyzed, 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 0.6 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.

Note 40 Transactions with related parties

Relations with related parties essentially refer both to the supply of goods and the provision of services and to the provision and use of financial means.

All transactions are conducted on an arm's length basis and there are no atypical or unusual transactions.

The remuneration of the Directors, the Board of Statutory Auditors and the Executives with Strategic Responsibilities is as follows:

(Euro thousands)	31.12.2023
Related party	Remuneration
Board of Directors	1,640
Board of Statutory Auditors	104
Executives with strategic responsibilities	3,441
Total	**5,185**

During the year, the following transactions were conducted with related parties other than subsidiaries.

Trade and financial receivables and payables

(Euro thousands)	31.12.2023			
Related party	**Receivables**	**Financial receivables**	**Payables**	**Financial payables**
Epta HDP S.p.A.	16	-	-	-
Finno Green S.r.l.	-	-	3	
Finno S.r.l.	-	-		-
Irene S.p.A.	5	-	-	-
ANIM Federazione delle Associazioni Nazionali dell'Industria Meccanica Varia ed Affine	-	-	-	-
Employees			2	
Total	**21**	**-**	**5**	**-**

Costs and revenues related to 2023

(Euro thousands)	31.12.2023			
Related party	**Revenues**	**Financial revenues**	**Costs**	**Financial costs**
Epta HDP S.p.A.	37	-	-	-
Finno Green S.r.l.	2		126	
Finno S.r.l.	-	-	-	-
Irene S.p.A.	23	-	-	-
ANIM Federazione delle Associazioni Nazionali dell'Industria Meccanica Varia ed Affine		-	46	-
Employees			40	
Total	**62**	**-**	**212**	**-**

During the financial year, the following transactions took place with the following companies:

Trade and financial receivables and payables

(Euro thousands)	Trade receivables	Trade payables	Financial receivables	Financial payables
EPTA Deutschland GmbH	3,975	671	-	24,625
Epta France S.A.S.	11,741	2,460	-	43,998
Epta Peru S.A.C.	1,375	-	-	-
Epta Chile S.p.A.	13,774	48	-	-
Epta UAE Technical Services LLC	3,736	13	362	-
Epta Iberia S.A.U.	1,950	1,130	-	27,848
Epta (Qingdao) Retail Equipment Co	1,026	80	-	1,080
EPTA Argentina S.A.	4,965	194	-	-
Epta Istanbul Sogutma Sistemleri San Tic. Ltd Sti	2,431	3,012	100	-
Epta Uk Ltd	6,600	216	21,348	-
Epta International Kft	6,018	586	-	4,611
Epta Austria GmbH	235	200	-	-
Epta Refrigeration Portugal S.A.	3,939	-	2,000	-
Epta refrigeration Denmark S/A (formerly Knudsen Køling A/S)	4,233	15	-	-
Epta Norway A/S	50	(3)	52	-
Epta Technical Services Riyadh LLC	859	-	-	-
Epta Suomi Oy	1,376	13	-	-
Epta Australia PTY Ltd	2,328	54	922	-
Epta Refrigeration Philippines, Inc.	1,996	-	-	-
Epta Polska s.p z.o.o.	2,617	-	-	-
Epta Asia Pte. Ltd.	2,451	8	-	-
Iarp Asia Co Ltd	1,478	98	-	-
Iarp Services Co., Ltd.	77	-	-	-
Epta Andina S.A.S.	273	-	-	-
Epta Romania	9	-	-	-
DAAS IMPEX SRL	3,395	31	-	-
Kysor Warren Epta US Corporation	6,603	-	18,100	-
Kysor Warren De Mexico S. De R.L. De C.V.	1,518	5	-	-
Epta Costa Rica Ltda	14	-	-	-
Epta Guatemala SA	95	-	-	-
Sofrico S.A.R.L.	453	-	-	-
Epta Vietnam Ltd	37	-	-	-
HEIFO Kältetechnik GmbH	97	-	9,500	-
Viess. Refrig. Systems Oy (1210)	18	-	-	-
FCool Oy (1222)	1	-	-	-

CONTINUED

(Euro thousands)	Trade receivables	Trade payables	Financial receivables	Financial payables
Viessmann Kylmäpalvelut Oy (1221)	1	-	-	-
Viessmann Ref Baltics OU (1270)	1	-	-	-
Epta Refrigeration Norway AS (1230)	9	-	-	-
IAC Vestcold AS (1320)	3	-	-	-
Epta Sweden AB (1240)	2	-	-	-
Epta Refrigeration Systems Aps (1280)	3	-	-	-
Fri-Service Czech s.r.o (1276)	3	-	-	-
Fri-Service SK s.r.o (1277)	1	-	-	-
Viess.SystChlodniczesp.zo (1250)	1	-	-	-
Epta Kältetechnik GmbH (1720)	8	-	-	-
Viess. Kaltetechnik Nord (1805)	4	-	-	-
Total	**91,777**	**8,831**	**52,385**	**102,892**

Costs and revenues related to 2023

(Euro thousands)	Revenues	Financial revenues	Costs	Financial costs
EPTA Deutschland GmbH	48,669	40,000	(691)	(774)
Epta France S.A.S.	108,761	-	(7,879)	(923)
Epta Peru S.A.C.	1,308	-	-	-
Epta Chile S.p.A.	10,621	-	(50)	-
Epta Technical Services UAE LLC	660	25	-	-
Epta Iberia S.A.U.	9,819	-	(260)	(913)
Epta (Qingdao) Retail Equipment Co	1,026	984	(2)	(57)
EPTA Argentina S.A.	2,109	-	(59)	-
Epta Andina S.A.S.	288	-	-	-
EPTA Istanbul Ltd Sti	2,017	5	(9,752)	(60)
Epta Uk Ltd	17,419	698	(330)	-
EPTA International Kft	64,827	20,029	(811)	(251)
Epta Austria GmbH	4,324	4,200	(341)	(46)
Epta refrigeration Denmark S/A (formerly Knudsen Køling A/S)	3,167	-	(26)	-
Epta Norway A/S	1	3	-	-
Epta Technical Services Riyadh LLC	973	-	-	-
Epta Suomi Oy	2,351	-	(23)	-
Epta Australia PTY Ltd	2,530	50	(50)	-
Epta Refrigeration Philippines Inc	569	-	-	-
Epta Polska sp Zoo	5,028	-	(5)	-
Epta Refrigeration Portugal S.A.	5,338	99	(0)	-
Epta Asia Pte. Ltd.	4,384	3,500	(2)	-

CONTINUED

(Euro thousands)	Revenues	Financial revenues	Costs	Financial costs
Iarp Asia Co Ltd	1,995	5,695	(113)	-
Iarp Services Co., Ltd.	47	-	-	-
Epta Vietnam Ltd	27	-	-	-
Epta Swisse A.G.	3	-	-	-
Epta Romania	9	520	-	-
DAAS IMPEX SRL	12,622	-	(82)	-
Kysor Warren Epta US Corporation	10,054	1,264	(27)	-
Kysor Warren De Mexico S. De R.L. De C.V.	1,957	-	(5)	-
Epta Costa Rica Ltda	690	-	-	-
Epta Guatemala SA	448	-		-
Sofrico S.A.R.L.	988	-	-	-
HEIFO Kältetechnik GmbH	5	93	-	-
Viess. Refrig. Systems Oy (1210)	18	-	-	-
FCool Oy (1222)	1	-	-	-
Viessmann Kylmäpalvelut Oy (1221)	1	-	-	-
Viessmann Ref Baltics OU (1270)	1	-	-	-
Epta Refrigeration Norway AS (1230)	9	-	-	-
IAC Vestcold AS (1320)	3	-	-	-
Epta Sweden AB (1240)	2	-	-	-
Viess.Refrig. Systems Aps (1280)	3	-	-	-
Fri-Service Czech s.r.o (1276)	3	-	-	-
Fri-Service SK s.r.o (1277)	1	-	-	-
Viess.SystChlodniczesp.zo (1250)	1	-	-	-
Epta Kältetechnik Ost GmbH (1720)	8	-	-	-
Viess. Kaltetechnik Nord (1805)	4	-	-	-
Total	**325,086**	**77,164**	**(20,508)**	**(3,024)**

Note 41 Commitments, guarantees and contingent liabilities

The Parent Company has issued guarantees on behalf of consolidated companies totaling Euro 156,598 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 entities (Euro 20,459 thousand) and tax collection agencies (Euro 6,904 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

After the end of the financial year, the Group continued the integration and consolidation of the acquisitions made in recent years, and in particular those made during 2023, in order to fully achieve the expected synergies.

Operating information available after 31 December 2023 shows a revenue and order trend in line with the 2024-2027 business plan approved by the Company's Board of Directors.

Prices of materials and components are fairly stable compared to the financial year 2023, while logistics and energy costs may increase significantly as a result of the current geo-political scenario in the Middle East.

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.

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 Parent 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 remuneration of the Parent Company's Directors and Board of Statutory Auditors for carrying out these functions in the Parent Company amounted to Euro 1,640 thousand and Euro 104 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 2023 totaled Euro 530 thousand.

Milan, 28 March 2023

for the Board of Directors

Cav. Lav. Marco Nocivelli - Chairman

5. ANNEXES TO THE FINANCIAL STATEMENTS

5.1 Scope of consolidation

Company Name	Registered Office	Country	Currency	Share capital in foreign currency (thousands)	Controlling share	Consolidation method
EPTA S.p.A.	Milan	Italy	EUR	69.998		Parent Company
Epta Austria GmbH	Vienna	Austria	EUR	800	100	Global integration
Epta Iberia S.A.	Madrid	Spain	EUR	70	100	Global integration
Epta UK Ltd	Bradford	United Kingdom	GBP	1	100	Global integration
Epta France S.A.	Hendaye	France	EUR	33.000	100	Global integration
Epta Rack S.A.	Chatou	France	EUR	50	100	Global integration
Epta Developpment S.A.S.	Chatou	France	EUR	37	100	Global integration
Epta Deutschland GmbH	Mannheim	Germany	EUR	3.700	70	Global integration
Epta Argentina S.A.	Rosario	Argentina	ARS	12,683,328	100	Global integration
Epta Andina S.A.	Baranquilla	Colombia	COP	186.346	100	Global integration
Epta Qingdao Retail Equipment Co	Qingdao	China	CNY	89.518	100	Global integration
Epta Istanbul Sogutma Sistemleri San. Tlc. Ltd Sti	Ergene-Tekirdag (Istanbul)	Turkey	EUR	2.092	100	Global integration
Epta Refrigeration (M) Sdn Bhd	Subang Jaya	Malaysia	MYR	250	100	Global integration
Epta Technical Services UAE LLC	Dubai	United Arab Emirates	AED	300	49	Global integration
Epta (Suisse) A.G.	Lugano	Switzerland	CHF	100	100	Global integration
Epta International Kft	Budapest	Hungary	EUR	50	100	Global integration
Epta Technical Services KSA LLC	Riyadh	Saudi Arabia	SAR	500	100	Global integration
Epta Asia Pte Ltd	Singapore	Singapore	EUR	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
Epta Chile S.A.	Santiago	Chile	CLP	32.734	100	Global integration
Epta Peru S.A.C.	Lima	Peru	PEN	1	99.9	Global integration
Epta refrigeration Denmark S/A (formerly Knudsen Køling A/S)	Koge	Denmark	DKK	7.000	70	Global integration
Epta Suomi Oy	Vantaa	Finland	EUR	40	70	Global integration
Epta Norway AS	Oslo	Norway	NOK	283	70	Global integration
Epta Australia PTY Ltd	Melbourne	Australia	AED	-	100	Global integration
Epta Refrigeration Philippine, Inc	Makati City	Philippines	PHP	124.795	100	Global integration
Epta Polska Spa. Z.o.o.	Krakow	Poland	PLN	5	100	Global integration
Epta Vietnam Company Limited	Ho Chi Min	Vietnam	VND	227.000	100	Global integration

CONTINUED

Company Name	Registered Office	Country	Currency	Share capital in foreign currency (thousands)	Controlling share	Consolidation method
EptaRefrigeration Romania Srl	Bucharest	Romania	RON	45	100	Global integration
DAAS Impex Srl	Ploiesti	Romania	RON	113	100	Global integration
Kysor Warren Us Corporation	Columbus	USA	USD	-	100	Global integration
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 Costa Rica Ltda	Santa Ana	Costa Rica	CRC	100	100	Global integration
Epta Guatemala Sociedad anonima	Guatemala	Guatemala	GTQ	128	100	Global integration
Sofrico S.A.R.L.	Dumbea	New Caledonia	CPF	1.000	82	Global integration
Epta Refrigeration Portugal S.A.	Porto	Portugal	EUR	50	100	Global integration
Epta Central North Europe B.V.	Amsterdam	Holland	EUR	-	70	Global integration
HEIFO Kältetechnik GmbH	Osnabrück	Germany	EUR	25	100	Global integration
Viessmann Refrigeration Systems Oy	Porvoo	Finland	EUR	104.328	70	Global integration
Viessmann Kylmajarjestelmat Oy	Porvoo	Finland	EUR	4.704	70	Global integration
FCool Oy	Kuopio	Finland	EUR	10	70	Global integration
Viessmann Kylmäpalvelut Oy	Kerava	Finland	EUR	40	70	Global integration
Viessmann Ref Baltics OU	Tallinn	Estonia	EUR	3	70	Global integration
Epta Refrigeration Norway AS	Stokke	Norway	NOK	84.244	70	Global integration
IAC Vestcold AS	Stokke	Norway	NOK	300	70	Global integration
CoolTeam Midt-Norge AS	Trondheim	Norway	NOK	520	70	Global integration
Epta Sweden AB	Kista	Sweden	SEK	103.408	70	Global integration
Epta Refrigeration Systems Aps	Farum	Denmark	DKK	89.612	70	Global integration
Viessmann Chladici Systemy s.r.o	Praha	Czech Republic	CZK	105.642	70	Global integration
Fri-Service Czech s.r.o	Brno	Czech Republic	CZK	200	70	Global integration
Fri-Service SK s.r.o	Trnava	Slovakia	EUR	5	70	Global integration
Epta Systemy Chłodnicze sp. z o.o.	Warsaw	Poland	PLN	6.000	70	Global integration
Epta Kältetechnik Ost GmbH	Berlin	Germany	EUR	330	70	Global integration
Viessmann Kaltetechnik Nord GmbH	Gifhorn	Germany	EUR	2.000	70	Global integration
Epta Kältetechnik GmbH	Cologne	Germany	EUR	1	70	Global integration
Epta Kältetechnik GmbH	Marburg	Germany	EUR	58.803	70	Global integration
Epta Kältetechnik West Verwaltungs GmbH	Cologne	Germany	EUR	25	70	Global integration

5.2 Methodological note

The Integrated Financial Statements is the tool through which Epta communicates the results of its sustainability journey to stakeholders.

From 2010 to 2020, we published the annual CSR, the document that makes explicit, on a voluntary basis, the integration of social and environmental concerns into corporate decision-making processes, strategy and governance, but also how we interact with and involves our Stakeholders who, directly or indirectly, are affected by the organization's activities.

From the financial year 2021, the Integrated Report replaced the Annual Report and the CSR report to meet the growing demand to unambiguously communicate the responsible path, made up of sustainable behaviors, practices and products, that the Company has been actively pursuing for years.

With a view to increasing the accuracy of the information we provide to our Stakeholders, since 2023 the collection of "non-financial" data has also been extended to other companies belonging to the Group: this leads, on the one hand, to more detailed consolidated data, and on the other hand, makes it difficult to compare with the data recorded in previous years, which may therefore not reflect the real improvement/worsening in performance.

Specifically, the scope was extended to:

Human Capital

- The number of employees covers all group entities.
- Hours of training provided to all employees of all group entities.
- Accident trends that now cover not only all production sites, but also the main technical and commercial companies (the exhaustive list of which is explained under 5.5 Reporting perimeter).

Natural Capital

- All environmental indicators (energy consumption, water consumption, CO_2 emissions and waste management) now cover not only all production sites, but also the main technical and commercial companies (the exhaustive list of which is explained under 5.5 Reporting perimeter).

With regard to the figure referring to CO_2 emissions (Scope 1 and Scope 2), it should be noted that what is reported on page 139 is the result obtained using the individual national conversion factors (market based method) where the Company operates both with production sites and with technical-commercial sites (the exhaustive list of which is explained in section 5.5 Reporting perimeter).

The emission values calculated using the "local based method" are shown in Table 5.6 Table of GRI indicators.

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 is 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.

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 2023 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 2023 Integrated Financial Statements were approved by the Epta Board of Directors on 28/03/2024.

5.4 Reporting period

The information included in the Integrated Financial Statements refers to the period **01/01/2023 – 31/12/2023**, unless otherwise indicated in the text, with a comparison with previous years.

5.5
Reporting perimeter

The scope of the 2023 Integrated Financial Statements includes all companies within the Epta full scope of consolidation at 31 December 2023 as shown in the image below.

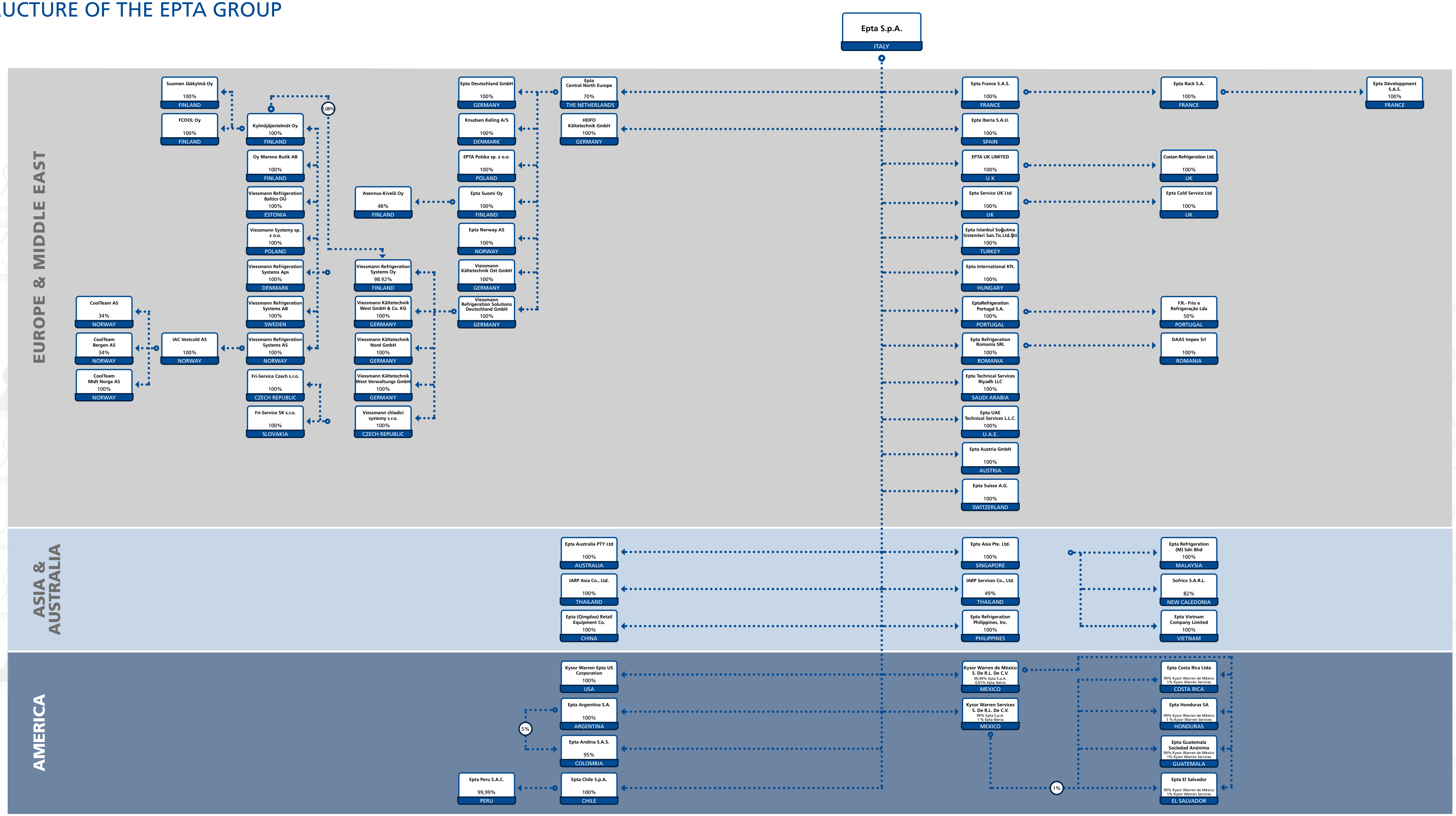
For the non-financial part of the financial statements, all the companies to which the main impacts on the environment, people and the economy are connected have been included in the scope, including all the group's production sites and all the main technical and commercial sites (see table below).

Site	Country
Headquarters	
Epta S.p.A.	Italy
Production sites	
Epta Argentina	Argentina
Epta France	France
Epta Istanbul	Turkey
Epta Qingdao	China
Epta S.p.A. - Casale	Italy
Epta S.p.A. - Limana	Italy
Epta S.p.A. - Pomezia	Italy
Epta S.p.A. - Solesino	Italy
Epta UK	United Kingdom
Kysor Warren Epta US	USA
IARP Thailand	Thailand
Technical and commercial sites	
DASS Impex	Romania
Epta Asia	Singapore
Epta Chile	Chile
Epta Deutschland	Germany
Epta Iberia	Spain
Epta International	Hungary
Epta Peru	Peru
Epta Refrigeration Portugal	Portugal
Epta Vietnam	Vietnam
Kysor Warren de Mexico	Mexico
Sofrico	New Caledonia

Excluded from the scope of non-financial reporting are the acquisitions of Viessman and Heifo as they occurred in November 2023. Given the limited time available for data collection and analysis, it was decided not to include them in this report.

Where there have been limitations to the information reported, these have been appropriately noted in the text.

THE STRUCTURE OF THE EPTA GROUP



5.6 Table of GRI indicators

DISCLOSURE NUMBER	TITLE OF DISCLOSURE	REFERENCE IN THE TEXT	NOTES OR OMISSIONS
	GENERAL DISCLOSURES [GRI 2-2021]		
2-1	Organizational details	Page 226, 227	
2-2	Entities included in the organization's sustainability reporting	Page 232, 233	
2-3	Reporting period, frequency and contact point	Pages 228, 231, 248	
2-4	Restatements of information	Page 125, 141	Respectively for H&S and environmental aspects
2-5	External assurance	Pages 241-247	
2-6	Activities, value chain and other business relationships	Pages 14, 18, 20-27, 72	
2-7	Employees	Page 122	
2-9	Governance structure and composition	Pages 34-37	
2-11	Chair of the highest governing body	Page 37	
2-12	Role of the highest governance body in overseeing the management of impacts	Page 57	
2-13	Delegation of responsibility for managing impacts	Page 57	
2-14	Role of the highest governance body in sustainability reporting	Pages 36-37, 57, 60, 229	
2-15	Conflicts of interest	Page 38	
2-16	Communication of critical concerns	Pages 50-55	In the course of 2023, 3 reports (whistleblowing) were received for regulatory and/or Code of Ethics violations, which were then closed due to lack of objective evidence to support what was reported.
2-17	Collective knowledge of the highest governance body	Pages 42-45	
2-18	Evaluation of the performance of highest governance body	Page 36	
2-19	Remuneration policies	Page 130	
2-20	Procedure for determining remuneration	Pages 36-37	
2-22	Statement on sustainable development strategy	Pages 6-7	
2-23	Policy commitment	Page 38	
2-25	Processes to remediate negative impacts	Pages 50-55, 110-111	
2-26	Mechanisms for seeking advice and raising concerns	Page 39	
2-28	Membership associations	Page 67, 78	
2-29	Approach to stakeholder engagement	Pages 58-59	
2-30	Collective bargaining agreements	Page 123	

CONTINUED

DISCLOSURE NUMBER	TITLE OF DISCLOSURE	REFERENCE IN THE TEXT	NOTES OR OMISSIONS
	MATERIAL TOPICS [GRI 3-2021]		
3-1	Process to determine material topics	Pages 58-59	
3-2	List of material topics	Pages 60-61	
	BUSINESS CONTINUITY AND ABILITY TO REACT AND ADAPT		
3-3	Management of material topics	Pages 32-33	
201-4	Financial assistance received from government		To be completed when typeset
415-1	Political contributions	-	Not given
	WORK ETHICS, INTEGRITY AND COMPLIANCE		
3-3	Management of material topics	Pages 32-33, 38-39	
205-1	Operations assessed for risks related to corruption	Page 39	
205-3	Confirmed incidents of corruption and actions taken	-	No proven cases of corruption occurred within the organization during 2023.
402-1	Minimum notice periods regarding operational changes	-	The minimum notice period is regulated by law and varies according to the country concerned.
	PRIVACY, DATA PROTECTION, INFORMATION SECURITY		
3-3	Management of material topics	Pages 32-33	
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	Pages 32-33, 42-43	
	INNOVATION AND DIGITALIZATION		
3-3	Management of material topics	Pages 64-65	
	PRODUCT CONFORMITY AND QUALITY STANDARDS		
3-3	Management of material topics	Pages 64-65	
	CUSTOMER SATISFACTION		
3-3	Management of material topics	Pages 64-65	
416-1	Assessment of health and safety impacts of product and service categories	Pages 66-67	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Page 69	During 2023, 2 non-conformities (on two products in the range) with possible product-related health and safety impacts were reported and managed.
	RESPONSIBLE MARKETING		
3-3	Management of material topics	Pages 64-65	

CONTINUED

DISCLOSURE NUMBER	TITLE OF DISCLOSURE	REFERENCE IN THE TEXT	NOTES OR OMISSIONS
417-1	Requirements for product and service information and labeling	Page 79, 82	
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 94, 95	To be completed when typeset
201-1	Direct economic value generated and distributed	Page 97, 164	To be completed when typeset
203-1	Infrastructure investments and services supported	Page 211	To be completed when typeset
SUSTAINABLE PROCUREMENT PRACTICES			
3-3	Management of material topics	Pages 94-95	
301-1	Materials used by weight or volume	Pages 74-75	
MANAGING GREENHOUSE GAS EMISSIONS AND COMBATING CLIMATE CHANGE			
3-3	Management of material topics	Pages 132-133	
305-1	Direct (Scope 1) GHG emissions	Page 139	
305-2	Energy indirect (Scope 2) GHG emissions	Page 139	Local Based Method: 12,554, 15 tonnes/CO_2
305-5	Reduction of GHG emissions	Page 138	
ENERGY MANAGEMENT, ENERGY EFFICIENCY AND RENEWABLES			
3-3	Management of material topics	Pages 132-133	
302-1	Energy consumed within the organization		
302-3	Energy intensity		
302-4	Reduction of energy consumption		
302-5	Reductions of energy requirements of products and services		
WATER MANAGEMENT			
3-3	Management of material topics	Pages 132-133	
303-1	Interactions with water as a shared resource	Page 140	
303-5	Water consumption	Page 141	
PROTECTION OF BIODIVERSITY			
3-3	Management of material topics	Pages 132-133	
PROCUREMENT, WASTE MANAGEMENT, CIRCULAR ECONOMY			
3-3	Management of material topics	Pages 132-133	
306-3	Waste generated	Page 142	
306-4	Waste diverted from disposal	Page 142	
306-5	Waste directed to disposal	Page 142	

CONTINUED

DISCLOSURE NUMBER	TITLE OF DISCLOSURE	REFERENCE IN THE TEXT	NOTES OR OMISSIONS
HEALTH AND SAFETY			
3-3	Management of material topics	Pages 118-119	
403-1	Occupational health and safety management system	Page 128	
403-2	Hazard identification, risk assessment and incident investigation	Page 128	
403-4	Worker participation, consultation, and communication on occupational health and safety	Page 128	
403-5	Worker training on occupational health and safety	Page 125	
403-6	Promotion of worker health	Page 128	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pages 118-119	
403-9	Work-related injuries	Page 129	
ABILITY TO ATTRACT AND RETAIN RESOURCES			
3-3	Management of material topics	Pages 118-119	
404-1	Average hours of training per year per employee	Page 125	
404-2	Programs for upgrading employee skills and transition assistance programmes	Page 124	
RESPECT FOR THE PERSON AND HUMAN RIGHTS			
3-3	Management of material topics	Pages 118-119	
406-1	Incidents of discrimination and corrective actions taken	-	During 2023, 3 reports (whistleblowing) were received for incidents of discrimination. Two were closed for lack of objective evidence to support what was reported, the third led to the dismissal of an employee.
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 could affect local communities.
ROLE OF WOMEN AND EQUAL OPPORTUNITIES			
3-3	Management of material topics	Pages 118-119	
405-1	Diversity of governance bodies and employees	Page 37, 123	
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	Pages 118-119	

5.7
Auditors Reports

Epta S.p.A.

Independent auditors' report on the Integrated Report 2023

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.

AMN/AGM/git - RC030242023BD1407

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Independent Auditors' Report on the Integrated Report 2023

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 HDP Group for the year ended on December 31st, 2023.

We have been engaged to perform a limited assurance engagement on the Integrated Report of Epta HDP Group for the year ended on December 31st, 2023.

Directors' Responsibilities for 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 identified by them as reporting standards.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of an Integrated Report that is free from material misstatements, whether due to frauds or errors.

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 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) 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 firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express, based on the procedures performed, our conclusion about the compliance of the Integrated Report with the requirements of the GRI Standards. We carried out our work in accordance with the criteria established 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 that we plan and perform the engagement to obtain limited assurance whether the Integrated Report is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with *ISAE 3000 Revised*, and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

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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, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

Specifically, we carried out the following procedures:

- 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;
- comparison of economic and financial data included in the specific paragraph of the Integrated Report with those included in the Financial Statements of Epta S.p.A.;
- 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 significant 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 its consistency with the available evidence;
- with reference to quantitative information, we carried out both analytical procedures and limited checks to ascertain, on a sample basis, the correct aggregation of data.

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 31st, 2023 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, April 10th 2024

BDO Italia S.p.A.
Signed in the original by

Andrea Meneghel
Partner

Epta S.p.A.

Independent auditor’s report pursuant to article 14 of Legislative Decree n. 39

Consolidated Financial Statements as at 31 December, 2023

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.

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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, 2023, 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 Group as at December 31, 2023 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:

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- 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 2023, 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 2023 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 2023 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, 10th April 2024

BDO Italia S.p.A.

Paolo Beretta
Partner

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Contacts

For comments, inquiries, opinions, and suggestions for improvement
regarding Epta sustainability activities and the information contained in these Integrated
Financial Statements, please contact:

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