Integrated Financial Statements

2021

Epta

Welcome
to our first Integrated Financial Statements

They aim to illustrate how our strategy, governance and performance enable us to create value for stakeholders in the short, medium and long term.

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

Enjoy!

Summary

Highlights 4

Message to Stakeholders 6

The integrated vision of value creation 8

Report on Operations 11

1. EPTA GROUP 13
   - 1.1 Profile and History of the Group 14
   - 1.2 Mission, Vision and Values 24
   - 1.3 Corporate Governance 26
   - 1.4 Epta entrepreneurial formula: creation of shared value 30
2. RESPONSIBLE BUSINESS MANAGEMENT 35
   - 2.1 Risks and opportunities in the external context 36
   - 2.2 Governance and Sustainability Strategy 38
   - 2.3 Stakeholder engagement and materiality 40
3. POSITIONING AND PERFORMANCE OF THE EPTA GROUP 47
   - **3.1 Productive Capital 48**
   - 3.1.1 Quality, safety and conformity of Epta products 48
   - 3.1.2 Processes and production capacity 50
   - 3.1.3 Responsible Supply Chain Management 51
   - **3.2 Intellectual Capital 53**
   - 3.2.1 Investments 53
   - 3.2.2 Research and development activities 55
   - 3.2.3 Management systems and certifications 61
   - 3.2.4 Patents, rights and licenses 62
   - **3.3 Financial Capital 63**
   - 3.3.1 Communication to shareholders from the Board of Directors 63
   - 3.3.2 Comment on the general economic scenario 64
   - 3.3.3 Performance of the sectors in which the Group operates 64
   - 3.3.4 Analysis of the consolidated financial situation 68
   - 3.3.5 Analysis of the performance of Group companies 76
   - 3.3.7 Economic value generated and distributed to stakeholders 79
   - 3.3.8 Transactions with related parties 80
   - 3.3.9 Other information 80
   - 3.3.10 Business outlook 80
   - **3.4 Relational and Social Capital 82**
   - 3.4.1 Communication strategies and channels 82
   - 3.4.2 Service quality, customer relations and complaints management 85
   - 3.4.3 Relations with public institutions and the community 86
   - 3.4.4 Awards and recognition 88
   - **3.5 Human Capital 90**
   - 3.5.1 Personnel Policies 90
   - 3.5.2 Composition and characteristics 91
   - 3.5.3 Workforce and labour costs 92
   - 3.5.4 Training 92
   - 3.5.5 Health and Safety 95
   - 3.5.6 Remuneration system 96
   - 3.5.7 Corporate welfare and organizational well-being 96
   - **3.6 Natural Capital 98**
   - 3.6.1 Environmental Policy 98

Consolidated Financial Statements 103

4. EPTA GROUP CONSOLIDATED FINANCIAL STATEMENTS 105
   - 4.1 Financial Statements 106
   - 4.2 Notes to the Consolidated Financial Statements 112
5. ANNEXES TO THE FINANCIAL STATEMENTS 163
   - 5.1 Consolidation perimeter 164
   - 5.2 Methodological note 166
   - 5.3 Reporting guidelines and process 167
   - 5.4 Reporting period 169
   - 5.5 Reporting perimeter 170
   - 5.6 Table of GRI indicators 172
   - 5.6 Auditors Reports 176

Contacts 186

Highlights 2021

Financial CAPITAL

1,197 mln euro **turnover**

136 mln euro **Adjusted EBITDA**

61 mln euro **Net Profit**

PRODUCTIVE Capital

11 **plants production**

100% **products available with natural refrigerants**

100 **Countries served**

INTELLECTUAL Capital

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

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

18 mln euro **invested in innovation**

HUMAN Capital

6,300 **employees**

58,000 **training hours**

-18% **accident frequency** (vs. 2019)

SOCIAL AND RELATIONAL Capital

2021 AWARDS AND RECOGNITION

EUROPEAN CLIMATE'S LEADER

ITALIA BEST MANAGED COMPANIES

SMART LABEL

JANUS 2021 DE L'INDUSTRIE

NATURAL Capital

-9% **consumption H_2O** (vs. 2019)

92% **recycled waste**

-55% **emissions CO_2** by 2025

Message to Stakeholders

Dear Readers,
This year, we are publishing an Integrated Financial Statements for the first time, a milestone in terms of transparency and communication on which we have worked with great commitment, and which represents, after 10 years of Corporate Social Responsibility Report, the natural evolution for a group like Epta, for whom sustainability has always been a fundamental asset in its interaction with aspects of competitiveness and financial performance.

We believe that in order to progress and reach new goals it is necessary to get involved, to understand the news and intercept emerging trends, and it is precisely the resilience and the ability to transform and adapt of our reality that are at the basis of the excellent results obtained, despite the difficulties generated by the pandemic. In fact, 2021 will be remembered at Epta as the year we became "*One Billion Company*", a company capable of Euro one billion turnover and even surpassing this important threshold by reaching almost one billion two hundred million. This is a goal of which we are extremely proud, since we have achieved it also thanks to the solid principles that guide us, which are essential for acting decisively in a context of exceptional change.

Innovation and sustainability have characterized our group identity since its inception. However, in recent years, they have been elevated to a founding logic for the entire business: sustainable innovation is in fact the basis of all our activities, both at production and strategic levels. A choice that allows us to look with awareness at the most complex contemporary challenges - such as digitalization, energy transition, the growing importance of services, the continuous evolution of consumer purchasing habits and the increasingly stringent rules on the reduction of environmental impact - and that also gives us the tools to face them with enthusiasm, creating real shared value for all stakeholders in full compliance with ESG principles.

The growth of Epta would not have been possible without teamwork and the contribution of all those who have put their commitment and dedication into the activities in which they were involved: the result obtained by having put together the uniqueness and potential of each resource was certainly greater than the sum of the individual parts.

I am sure that we will continue in this direction with the ingenuity, determination and passion that distinguish us.

Thanks again to all
Cav.Lav. Eng. Marco Nocivelli
Chairman and CEO

The integrated vision of creation of value

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 companies 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 to defining business strategies, planning activities, measuring performance and communicating with stakeholders through rigorous, transparent and comprehensive reporting processes.

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

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

The International <IR> Framework

The Integrated Financial Statements succinctly describe management's ability to manage, monitor, and communicate the complexity of the value creation process over time. For this reporting to be effective, it must contain the integration of financial, management, governance and sustainability information. Integrated reporting of such data, in fact, provides investors and other stakeholders with an overall picture of the Organization's key performance and allows them to understand what future performance might look like.

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 the following types:

› **financial capital**
Set of funds that the Organization can use to produce goods or provide services;

› **productive capital**
Physical manufactured objects (e.g., buildings, machinery, equipment, etc.) that the Organization can use to produce goods or provide services;

› **intellectual capital**
Intangible assets such as patents, copyrights, software, licenses, procedures, protocols, etc.;

› **human capital**
people's skills, abilities and experience and their motivation to innovate;

› **social and relational capital**
Relationships between groups of stakeholders in order to increase individual and collective well-being (e.g. rules, shared values, reputation, etc.);

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

REPORT ON OPERATIONS

1. EPTA GROUP

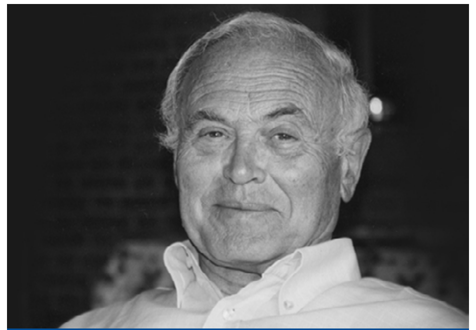
1.1 Group profile and history
1.2 Mission, Vision and Values
1.3 Corporate Governance
1.4 Epta Entrepreneurial formula: creation of shared value

1.1 Profile and History of the Group

Epta is a multinational industrial group operating on five continents in the commercial refrigeration sector: we specialise in the design, production, sale, installation and assistance of refrigerated cabinets, cold rooms and refrigeration systems for the Retail and Food & Beverage sectors.
We interpret the needs of consumers from the most diverse countries, creating sustainable refrigeration technologies that look to the future and create value for customers everywhere.

Our origins

The history of the Group is intertwined with the genius and entrepreneurial ability of its founder, **Luigi Nocivelli**. It all began in Italy, in the Brescia area, immediately after the Second World War, when he started working in his father's workshop until he turned it into a leading industry active in the household appliances sector. During his long career, he is the protagonist of important successes that alternate with moments of difficulty from which he always manages to recover, thus affirming his value as an individual and as an industrialist.
A concrete demonstration of this is the Epta Group (from the Greek ἑπτά, "seven"), which he founded in **2003**, placing at the center of this initiative the symbolic value of the family - composed precisely of seven children - and of which Luigi Nocivelli is the first President.



www.luiginocivelli.com

The Epta Group, at the time of its constitution, is composed, in addition to the holding company, of seven subsidiaries with a strong tradition and a consolidated position in their respective markets: Costan S.p.A. ("Costan") (Italy), Intercold GmbH (Austria), Bonnet Névé S.A. (France), Costan Market S.A. (Argentina), Epta Deutschland (Germany, then called B.K.T. Bonnet Kältetechnik GmbH), Alser Innovation S.A. (France) and Epta UK (UK, then called George Barker and Co Ltd).

Starting in **2005**, Epta embarked on an initial expansion phase aimed at widening its product range and consolidating its international presence, setting up new companies in China, Colombia and Turkey and acquiring companies operating in the commercial refrigeration market. In **2008**, Epta also acquired Eurocryor S.p.A. ("Eurocryor"), a company active in the production of refrigerated showcases and other customized refrigeration solutions for prestigious points of sale, and in **2010** completed the purchase of 42% of VSD Engineering Enterprise Pte Ltd. (of which it already indirectly owned 34% of the share capital), a transaction that enables Epta to consolidate its presence in the APAC market and lay the foundations for its plans for further development and growth in that market.

In **2011**, Marco Nocivelli, first as General Manager and then, from **2012**, as CEO of the Company, accelerated the Group's development process by external lines, making the M&A function structural within Epta. In the same year, Epta (i) set up Epta International, a company under Hungarian law of strategic importance for the Group's expansion into Eastern European markets; and (ii) completed the acquisition of 70% of Misa S.r.l. ("Misa"), a company specialized in the production of cold rooms for industrial and commercial refrigeration.

In **2013**, Epta acquired Iarp S.r.l., a company at the head of a multinational group operating in the commercial refrigeration sector and highly specialized in the production of screen-printed and customized plug-in counters for operators in the Food & Beverage Market. The acquisition of Iarp, on the one hand, allows Epta to widen its range of products and its know-how and to increase its production capacity thanks to the availability of the Iarp Group's plants in Casale Monferrato (Italy) and Cha-Am (Thailand) and, on the other hand, it marks the beginning of the profitable collaboration of the Nocivelli family with the Triglio Godino family.

Also in 2013, the Epta Group strengthened its presence in South America through the acquisition of the commercial refrigeration division of Portanuova S.A., a leading distributor of commercial refrigeration products in Chile, Peru and Ecuador, which was contributed to the newly formed Epta Pacifico Sur S.A.

The Group's expansion continued over the next three years. Specifically:
- in **2014**: Epta acquires (i) an equity investment representing 100% of the capital of Cold Service Group Limited, a British company specializing in the design, installation and maintenance of refrigeration and air-conditioning systems and (ii) an investment representing 30% of the share capital of Misa, which therefore becomes wholly owned by Epta;
- in **2015**: Epta: (i) acquires a stake representing 100% of the capital of Knudsen Køling A/S, a Danish company active in the design, installation and maintenance of CO_2 systems for refrigeration; (ii) establishes Epta Suomi, a Finnish company, whose capital is held by Epta (30% at the date of incorporation) and some managers of the same (for the remaining 70% at the date of incorporation) in order to sell and provide installation services for operators in the Finnish market; and (iii) establishes Epta Norway AS ("Epta Norway"), a company under Norwegian law active in the marketing and installation of the Group's products in the local Norwegian market;
- in **2016** Epta: (i) completes the acquisition of the remaining 24% of VSD Engineering Enterprise Pte Ltd, and (ii) forms Epta Australia PTY Ltd and Epta Refrigeration Philippine Inc. ("Epta Philippine"), further consolidating its presence in Asia.

The two-year period **2016-2017** is, moreover, characterized by numerous operations aimed at simplifying the Epta Group's corporate structure in Italy, with a consequent reduction in management costs and administrative simplification and the Group's governance model. In particular, during this period, Misa, Iarp, Costan and Eurocryor (2017) are merged by incorporation into Epta.

Also as part of the reorganization activities of the Epta Group, in 2017, Epta HPD S.p.A. was established, which, following the contribution by all Epta shareholders of their respective stakes in Epta, became the Group's holding company.

Having completed the internal reorganization of the Group, Epta launches a new campaign of extraordinary operations aimed at further international expansion, in order to consolidate its position in the commercial refrigeration market. With this in mind, in **2017**, is:

- completion of the acquisition, through Epta Philippines, of the assets of King Richard Shop System Inc., the Group's historic distributor in the Philippines, which enables the Epta Group to strengthen its direct presence in East Asia;
- acquisition of the business unit related to the distribution business of Libre Sp. Z o.o. Sp. K ("Libre"), a Polish company specializing in the distribution, installation and provision of services in the field of commercial refrigeration, whose assets were simultaneously transferred to the newly formed Epta Polska Sp. Z o.o. ("Epta Polska"), which guarantees Epta direct presence in a country with high growth potential such as Poland.

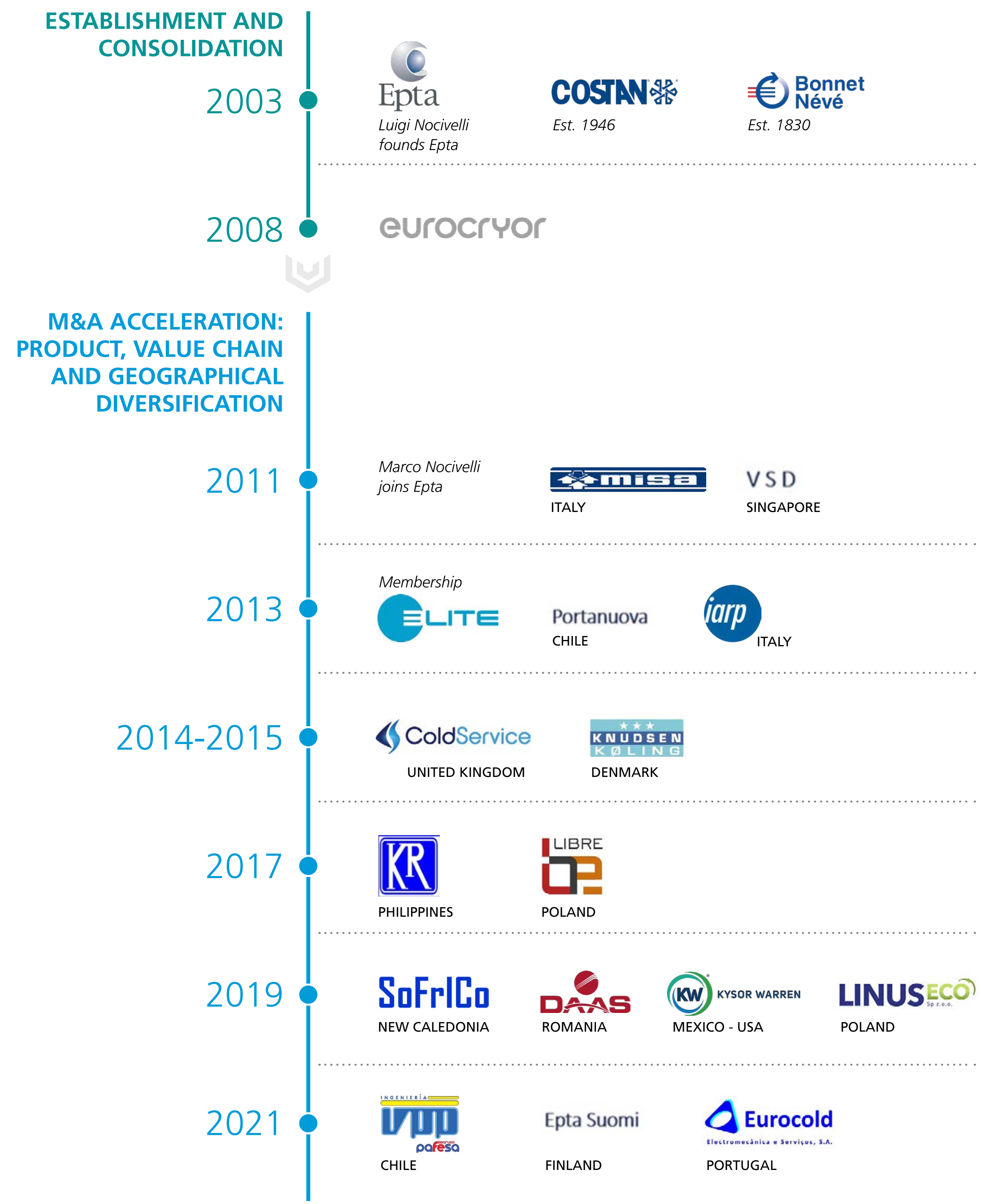
In **2019**, the Group further consolidates its international presence by acquiring, a representative 90% stake in DAAS Impex S.r.l. ("Daas"), a Romanian company operating in the commercial and industrial refrigeration sectors, including hotel and restaurant operators, with over 25 years of experience in the sector.

The year 2019 represents **a key year for the Group's international expansion**:

- Epta Polska completed the acquisition of a 100% stake in Linus Eco Sp z o.o., ("Linus"), the Group's historic partner in the design, installation and after-sales service of refrigeration systems (including those using natural CO_2 refrigerants).
- the acquisition of an 82% stake in Sofrico S.A.R.L., New Caledonia's market leader in the manufacture, sale, service & contracting of systems, cabinets and cold rooms for commercial and industrial refrigeration, strengthening its presence in Europe and Asia, was also finalized;
- the acquisition of the business relating to the "Kysor Warren" brand was completed, resulting in the Group's direct access to the North and Central American market.

After a forced pause due to the spread of the Covid-19 pandemic, Epta Group's international expansion resumes in **2021**, with:

- the acquisition of all the assets making up the commercial refrigeration business of Sociedad Ingeniería y Mantención VPP Limitada, a leading company in Chile specializing in the design, installation and maintenance of refrigeration systems for the retail market, as well as the rental and sale of refrigeration units and spare parts;
- the increase, through the acquisition of a controlling stake from the manager-shareholders (as sellers), of the shareholding held by Epta in Epta Suomi;
- the acquisition of Eurocold Electromecànica e serviços S.A. ("Eurocold"), a company under Portuguese law operating in the installation and supply of services in the domestic and Moroccan markets.



Our present

Today, the Group is led by one of the founder's sons who, together with another historical family of Italian entrepreneurs and all the stakeholders, support and promote **a culture based on the principles of sustainability, reliability and quality of the solutions proposed** and principles of safety, competence and development of the employees, led by a management team of consolidated experience.

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

Our Business

The Group's development plan provides for **dimensional growth both internally and externally**.

There are three main axes: acquisitions of companies according to the logic of horizontal and vertical integration, entry into new countries and consolidation of existing partnerships.

We provide refrigeration solutions with cutting-edge technology and high-quality design in order to meet the specific needs of each of our customers' stores with the lowest environmental impact. Among them we include the most important operators of the large-scale retail trade and of the Food & Beverage market at world level, with whom we boast consolidated and long-term relationships.

The quality of our products is testified by the numerous certifications that attest to their performance and energy saving levels and that are constantly updated over time, as well as by a solid industrial culture capable of directly overseeing the entire chain of the production and distribution process, which begins with the conception and design of the product and ends with delivery to the customer and the subsequent after-sales service, both directly and through an extensive network of distributors and partners around the world.

Our portfolio includes prestigious commercial refrigeration brands, 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).

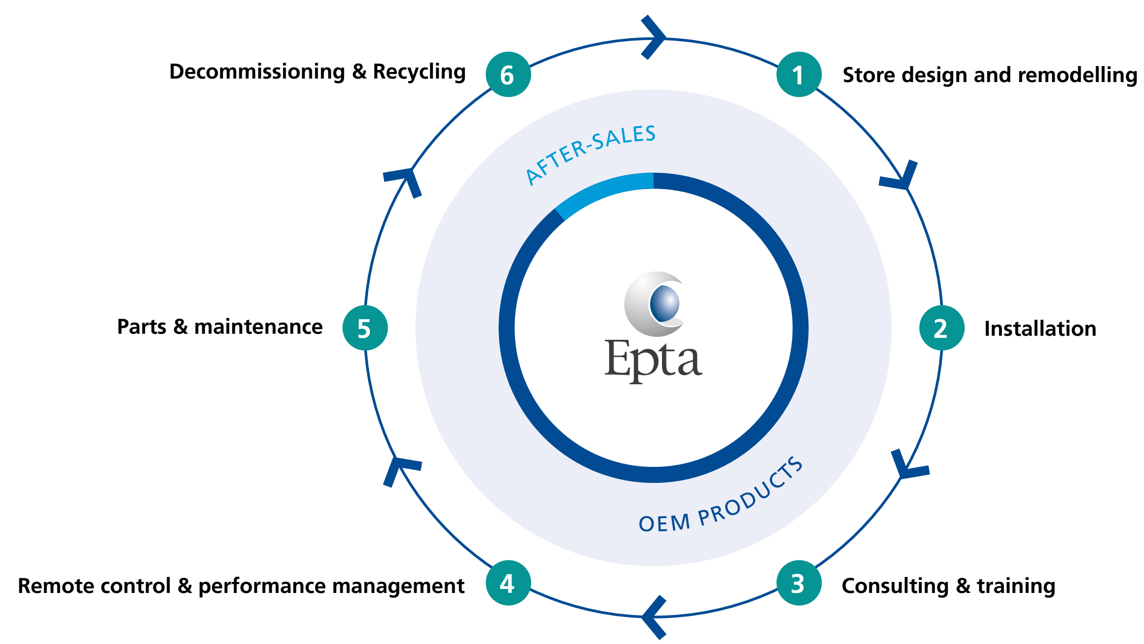
Main activities of the Group

More than 6,300 employees on 5 continents, a direct and indirect presence in over 100 countries, 11 research and development centers, including **1 Innovation Center** to look to the future of refrigeration technologies and 11 production facilities, located in 8 countries in Europe, America and Asia for a total of over 390,000 square meters, and a production capacity of 490,000 units per year.

6,300	100	11	of which 1	390,000	11
collaborators	**countries**	**R&D Centers**	**Innovation Center**	**covered sqm**	**production plants**

All this is Epta, a Group that has its roots in Italian entrepreneurial history, and combines its culture of design and attention to detail with a vocation for international growth from a sustainable perspective, an aspect that is reflected in the Group's results, which in 2021, generated **revenues of Euro 1,197 million**, of which the percentage realized abroad in the years ended 31 December 2021, 2020 and 2019, was 87%, 85% and 87%, respectively, of the Group's total revenues.

The Group directly oversees **the entire chain of the production and distribution process**, which begins with the conception and design of the product and ends with delivery to the customer and the subsequent after-sales service, both directly and through an extensive network of distributors around the world.



Business lines where the Group operates

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

BU Retail

This business area includes research, development, production and marketing of **complete commercial refrigeration systems for large and small retailers**.

BU Food & Beverage

This business area includes the research, development, production and marketing of **refrigerated counters with built-in unit** (so-called "plug-in") and the provision of after-sales services for operators in the food, hotel and restaurant industries.

BU After Sales

This business area 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 people who have already purchased Group products in the past and new customers.

RETAIL - Positive and negative, vertical and horizontal refrigerated cabinets for Retail

AFTER SALES - After sales services

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

RETAIL - Self-service refrigerated cabinets for retail

Main products of the Group

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

Positive vertical refrigerated counters for fresh packaged products


Assisted service horizontal showcases for specialized stores


Self-contained cabinets for large-scale retail trade

All the solutions offered by the Group stand out for their **innovative and functional design**, as well as for their **energy efficiency and sustainability**, guaranteed by the use of natural refrigerants: these characteristics are the result of both long experience in the commercial refrigeration market and the research and development activity conducted by the Epta Group over the years. The Group's products can be grouped into the following 3 main categories.


Plug-in refrigerated counters for food & beverage


Refrigeration units


Commercial Cold Storage

1. REFRIGERATED COUNTERS

The category includes:

(i) traditional refrigerated cabinets (self-service and serve-over) for fresh, bulk and packaged foods;

(ii) vertical and semi-vertical chillers for packaged fresh produce;

(iii) vertical and horizontal freezers for the storage of frozen foods;

(iv) plug-in units for Retail; and

(v) plug-in units for F&B and Ho.Re.Ca.

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, guaranteeing the maintenance of the correct storage temperature of the products inside.

3. COLD ROOMS

The category includes commercial and industrial cold rooms.

1.2 Mission, Vision and Values

“Proud to contribute to the success of our customer’s sales outlet. Simple, safe and appealing purchases.”

MISSION

Our **mission** is focused on the success of our customer's store. We talk about a "**simple**" purchase because we are a "one-stop-shop" for our customers to whom we are able to give an all-inclusive service that starts from the design of the store and the co-development of the solutions, goes through the implementation and the possibility to have remote control and remote management and arrives at the after-sales service and disposal of old equipment. A way of doing things that takes the customer's worries away and allows them to focus on their core business. We talk about a "**safe**" purchase because we are reliable and certified, which is not always evident in our business. Finally, we talk about an "**appealing**" purchase because we are able to customize solutions with our customers, optimizing the merchandising of the products on display.

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

VISION

Our **vision** is 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 the company can make to improve the territories, organizations and communities in which it operates and with which it actively collaborates and interacts. This is why we invest in initiatives aimed at protecting the environment, developing our people and creating a safe, collaborative and stimulating working environment that respects each of our employees. We use "*ultimate technology and design*" that make our products safer, better performing and more environmentally friendly, and that actively contribute to the success and growth of our customers and all our *stakeholders*.

We look with enthusiasm at the challenges that our time offers us, trying to seize the opportunities for growth and improvement. With this in mind, we have initiated collaborations with innovative start-ups and sponsored research projects that aim to develop smart and connected products able to capture and satisfy the new needs of our customers and their markets of reference such as the growing development of proximity stores, dark stores and IoT technologies that are rapidly spreading driven also by the development of AI, Business Intelligence and social changes fuelled and accelerated by the pandemic situation that has affected the world across the board in the last two years.

VALUES

In order to achieve the goal of excellence that Epta has set itself since its inception, we rely on a series of values that represent the true foundations of the entire organization.

Among these; **Humility**,**Order**, **Delegation** and **Resilience** derive directly from founder Luigi Nocivelli and are still a source of inspiration for each of us today, in all the activities in which we operate.

From our roots also come the**Ethics**,**Integrity**,**Reliability** and **Preparation** that characterize our actions.

The Epta System

The Group's founding logic lies in the winning combination of products, services, technologies, ideas and people that allow Epta to present itself as an integrated partner to support its customers and stakeholders in their business.

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

At Epta we conceive of sustainable innovation as any innovation that brings ideas, processes, products capable, at the same time, of minimizing impact on the environment to ensure sustainable economic development and of being economically viable for our customers and capable of improving the well-being of people while respecting the principle of social responsibility, in harmony with ESG (Environmental, Social, Governance) principles.

Epta Sustainable Innovation takes concrete form in every sphere of company life, declining in numerous projects, from the reorganization of production, to the promotion of open innovation, and the creation of avant-garde systems and technologies for sustainable refrigeration, making the group a socially responsible company.

1.3 Corporate Governance

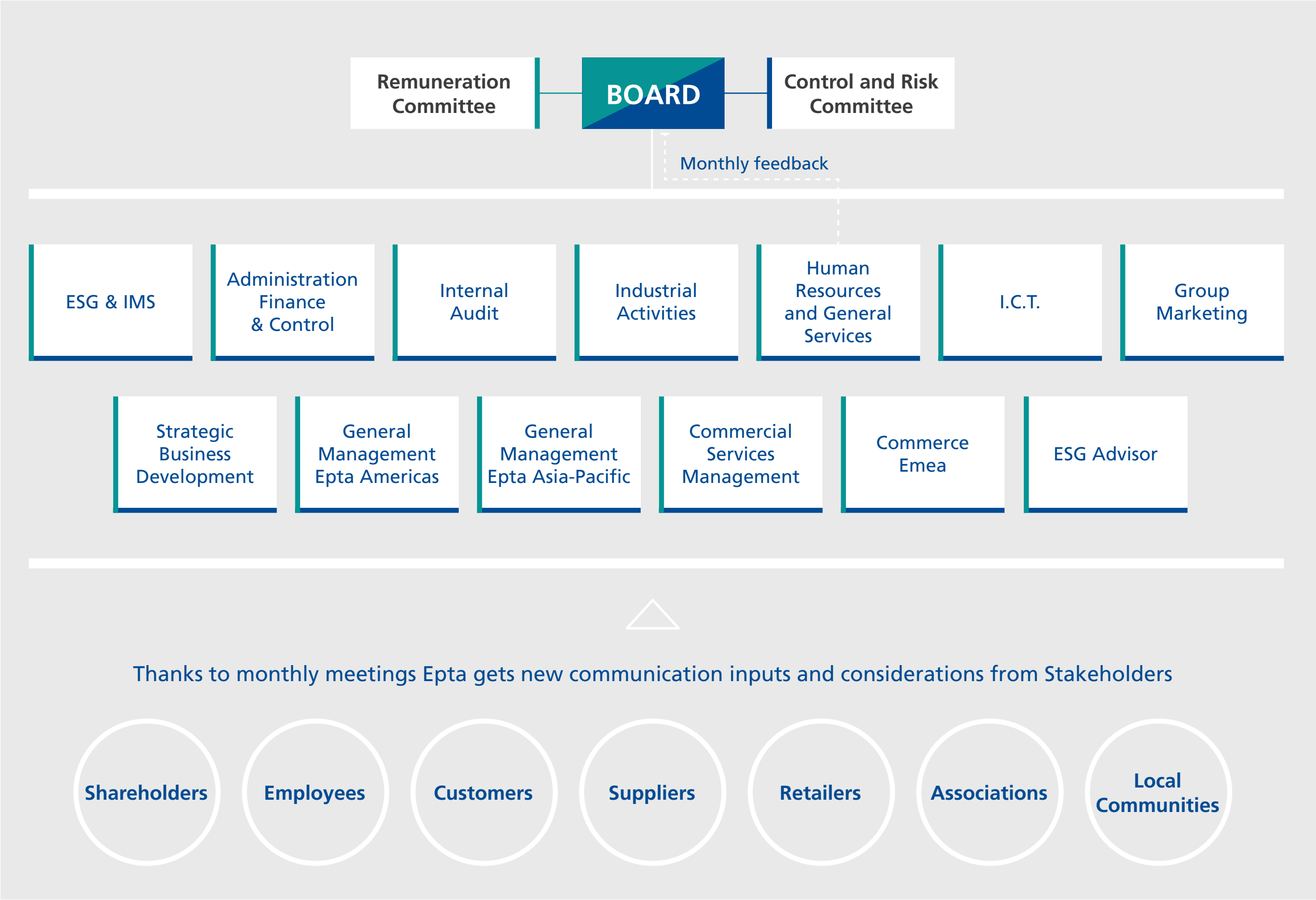
We firmly believe that in order to have a good impact on the environment and society, we must also act on the governance of the Group. On this basis, our Board of Directors, CEO, Executive Committee and, in general, the entire organization, are committed to conducting business through a governance model based on the principles of transparency and accountability that maintains the trust of shareholders and all stakeholders.

The Epta Group is committed:

- to **act responsibly and ethically** towards employees, shareholders, customers, suppliers, distributors and towards society and the environment in all production and business activities worldwide;
- to **actively pursue sustainable innovation** throughout the product life cycle, from design and manufacturing to performance and disposal, which are independently certified;
- to **ensure the success of the company** by investing in its people and in research and development, actively managing social and environmental impacts, and planning the transition to a carbon neutral world using natural refrigerants.

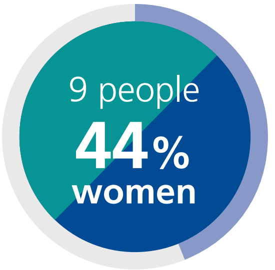
The Epta Group's policy is to apply the regulations in force in the various countries in which it operates, even anticipating their application, thus demonstrating its responsibility towards its stakeholders, which is expressed through periodic communications on its performance in terms of sustainability in a transparent and open manner.

The chart on the following page shows the flow of top management communication and the gender breakdown of the Epta Board of Directors. The presence within the Board of Directors of the Remuneration Committee and the Control and Risk Committee, both chaired by independent professionals, was highlighted.



Board of Directors

Marco Nocivelli	Chair and CEO
Piero Triglio Godino	Deputy Chair Director
Alessandro Nocivelli	Director
Mariaserena Nocivelli	Director
Enrico Nocivelli	Director
Marina Mira D'Ercole*	Independent Director
Hans Udo Wenzel*	Independent Director
Daria Triglio Godino	Director
Patrizia Giangualano*	Independent Director



(*) Independent

Control and Risk Committee

Patrizia Giangualano	President
Alessandro Nocivelli	
Marina Mira D'Ercole	

Remuneration Committee

Hans Udo Wenzel	President
Mariaserena Nocivelli	
Daria Triglio Godino	

ESG Advisor

Mariaserena Nocivelli

The Parent Company Epta S.p.A. carries out production and marketing activities in Italy and abroad for the Group's products, as well as service activities both on the domestic market and for Group companies. The Company also conducts research and development of innovative products and processes for the Commercial Refrigeration industry.

In 2021, the Parent Company generated revenue from sales and services of Euro 460 million. In addition, during 2021, it received dividends from subsidiaries of Euro 36.2 million and posted net income of Euro 42,076 thousand.

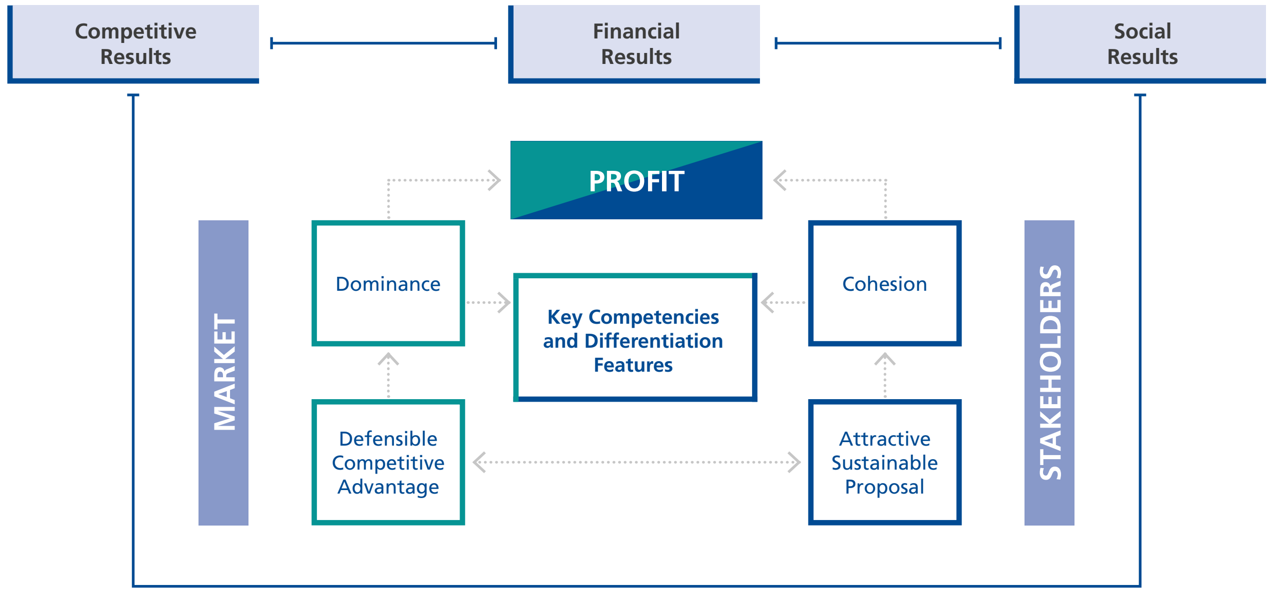
The Parent Company is controlled by Epta HDP S.p.A., which was incorporated on 23 November 2017 as the Holding Company of the Epta Group.
The parent company Epta HDP S.p.A. does not carry out management and coordination activities with regard to the parent company Epta S.p.A..

1.4 Epta entrepreneurial formula: creation of shared value

A defensible competitive advantage and an appealing social proposition create the conditions for sustainable value creation, within a virtuous circle where key competencies and differentiating factors are at the base.

Our idea of a successful Entrepreneurial Formula aims at a model that creates sustainable value for all stakeholders. From this point of view, competitive results, social results and economic results are synergistic and self-sustaining, with a virtuous logic of creation of shared and sustainable long-term value.

Our pursued Entrepreneurial Formula model is described in the diagram below:



Let us now describe the cornerstones of the Entrepreneurial Formula pursued.

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 the development of innovative and sustainable solutions, to be proposed to customers at competitive conditions in order to increase our market share;
- reducing TCO (Total Cost Of Ownership) and increasing value for all of Epta customers and stakeholders;
- vertical integration aimed at continuously increasing the level of innovative and digital services offered to customers through installation, after-sales and full monitoring, both to increase customer satisfaction and to increase the level of loyalty;
- 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 - Supporting a virtuous growth proposal

The creation of value is supported by a clear attention to environmental and social issues, which are an integral part of business decisions, in line with the objectives set out in our Integrated Report.
This means, on the one hand, developing products capable of bringing significant improvements in energy performance that anticipate the objectives set by the European green deal. On the other hand, we invest in the diversity, growth and uniqueness of our people, both at managerial and technical/specialist level, who represent the primary value for the current growth and future development of the Epta Group.

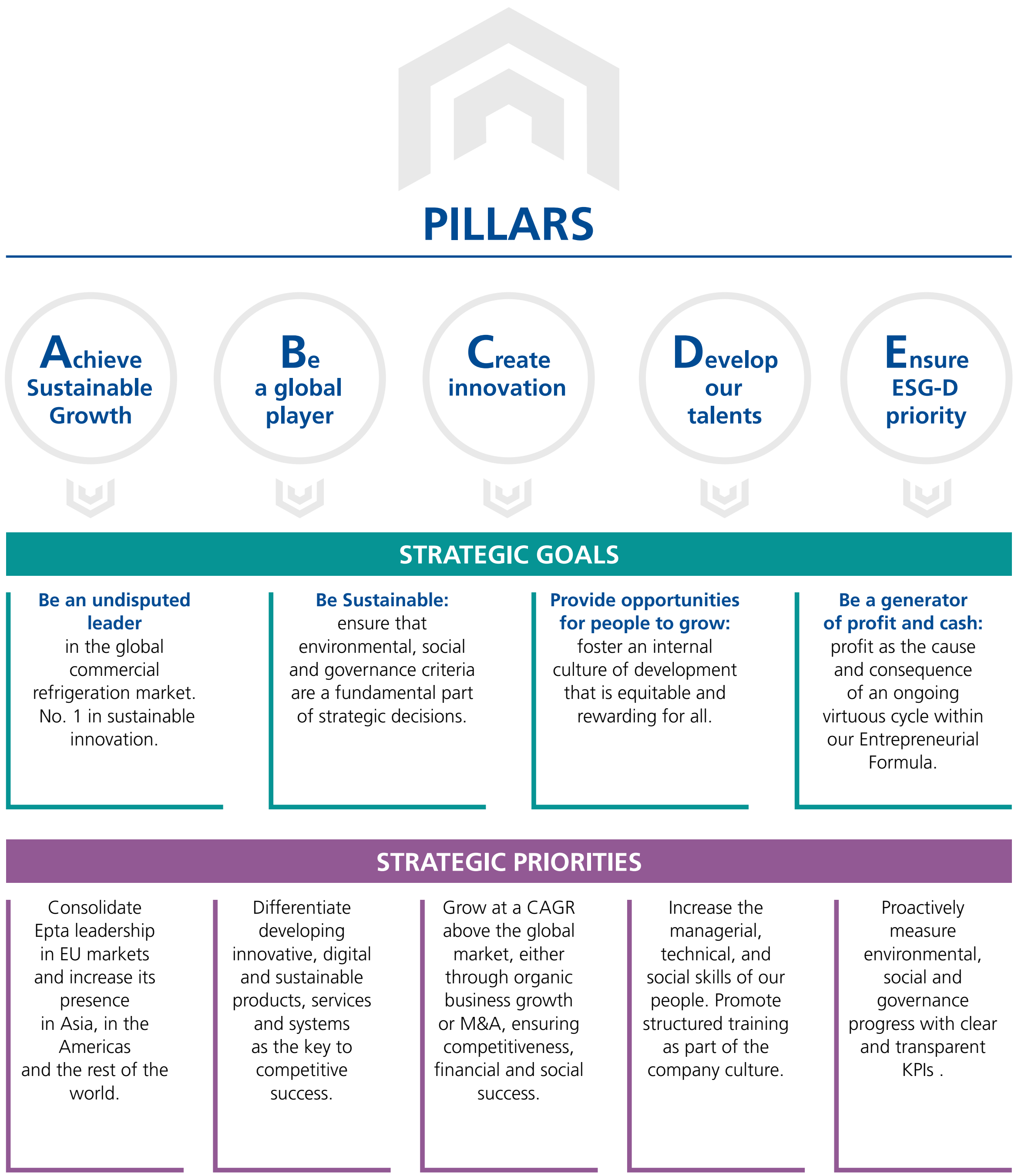
3 - Profit generation as a consequence of a virtuous circle

From this point of view, Profit and Economic-Financial Success in general are seen both as a cause and a consequence of Competitive and Social Success, as part of the continuous virtuous circle present in the successful Entrepreneurial Formula:

- cause because the generation of economic-financial resources guarantees the investment necessary to sustain continuous innovation, the development of skills and social sustainability at the basis of market success and social appeal.
- consequence because market dominance and social cohesion provide the basis for robust, sustainable and lasting value creation.

Epta Strategic Guidelines

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

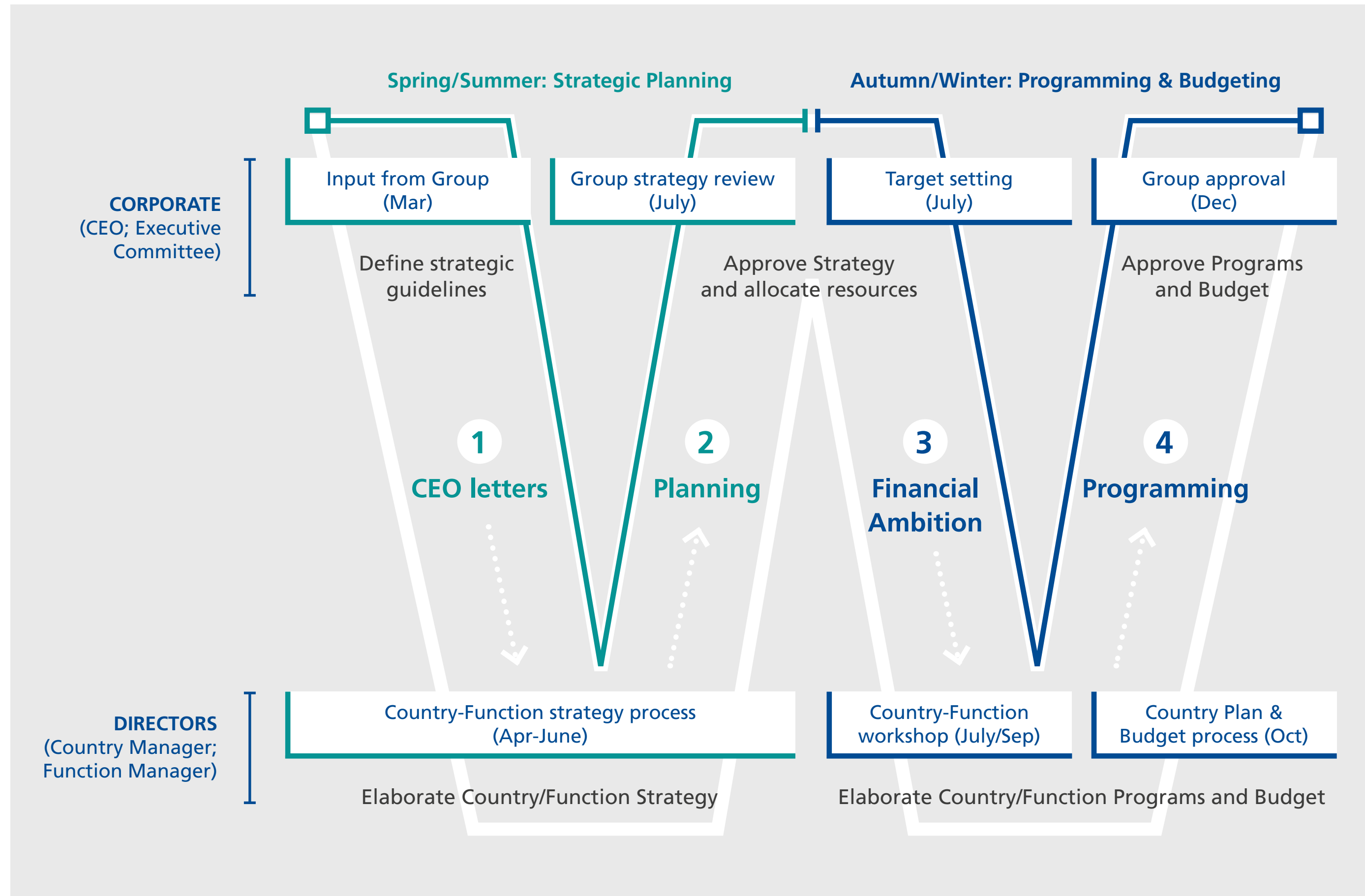


The "pillars" are the strategic guidelines, defined by the Board of Epta in coherence with the Vision and Mission shared with the Shareholders. These guidelines are translated into "Strategic Goals", i.e. long-term strategic objectives, which must guide all company choices and which give rise to "Strategic Priorities", i.e. priorities and lines of action, which are then translated into real initiatives.
The definition of the Strategy in its components (goals, priorities, initiatives) is realized through a process of "cycles and levels".

This process allows to orient and coordinate the whole organization towards the achievement of strategic objectives, following the defined guidelines and to involve in this activity also local organizations in addition to the Corporate.
The diagram below represents this process, called "W shape" because it is a process with cycles and levels, that is, involving corporations and local interlocutors at various levels, with different temporal cycles: **Planning**, **Scheduling**, **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 fundamental, in order to understand in advance whether they will be achieved according to the defined economic and temporal targets.



2. RESPONSIBLE BUSINESS MANAGEMENT

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

2.1 Risks and Opportunities in the external context

All activities undertaken by the Company involve an element of risk. Exposure to these risks is managed through the practice of Risk Management to take advantage of potential opportunities while managing potential adverse effects.

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

We promote and support the adoption of a **"risk-based approach"** in doing business by using tools that allow us to identify and classify such risks, defining conduct and proposed actions to mitigate them, i.e., to minimize the Company's exposure to such risks.

We have defined roles and responsibilities so that everyone within the Company actively monitors and manages risks within their area of responsibility, with the ultimate goal of reducing the exposure of the Company, its subsidiaries and all stakeholders involved, to the potential negative consequences associated with business activity, to promote an environment in which we maximize the possibility of business continuity and growth for the benefit of our employees, our investors and the areas in which we operate.

With this approach, we have highlighted the main risks to which we are exposed by implementing the activities necessary to mitigate them.

- Risks associated with the spread of the outbreak related to COVID-19
- Risks associated with the procurement of raw materials and components and fluctuations in the price of raw materials, energy and transport costs
- Risks associated with failure to implement or delays in implementing the Group's strategy
- Risks associated with the performance of the market in which the Group operates and changes in the habits and preferences of end consumers
- Risks associated with the operation of production plants
- Risks associated with the technological evolution of products and competition in the market in which the Epta Group operates
- Risks associated with demand-side concentration
- Risks associated with the Group's international operations
- Risks inherent to the strategy of growth through external lines
- Risks associated with product quality and safety, product liability and consequent reputational risks
- IT Risk
- Risks associated with intellectual property protection
- Risks associated with the failure or non-complete coverage of losses and contingent liabilities that the Group may incur by the Group's insurance policies
- Risks associated with forward-looking data, statements of pre-eminence, internal processing, and competitive positioning claims
- Risks associated with the valuation of goodwill and other intangible assets
- Risks associated with exchange rate trends
- Risks associated with the Group's financial debt and compliance with obligations under the relevant contractual documents
- Risks associated with the use of Indicators of Alternative Performance (IAP)
- Risks associated with dependence on senior and key personnel
- Risks associated with possible conflicts of interest of Epta directors
- Risks associated with transactions with Related Parties
- Risks associated with the application of tax and transfer pricing regulations
- Risks related to non-renewal of certifications
- Risks associated with compliance with environmental legislation, safety in the workplace and the collection, storage and processing of personal data
- Risks related to ongoing legal proceedings
- Risks associated with labour legislation and relations with trade unions
- Risks associated with the organization, management and control model pursuant to Decree 231 and the inadequacy of procedures in the areas of anti-corruption, anti-money laundering, export control and economic sanctions

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

We believe in sustainability and have made it an integral part of everything we do: we put the utmost effort into running our business in an economically sustainable way that improves the quality of life.

Being sustainable does not only mean developing and implementing methods and conduct that balance the consumption of resources with the impact that that consumption generates on the environment.

To be effective, all of our efforts must integrate the three pillars of sustainability: environmental, social and economic, and to do this we have identified an **ESG Advisor** figure who sits directly on the Board and a ***Sustainability Manager*** who manages operational sustainability policies and strategies. In addition, we are directly supported by Human Resource Management Policies that ensure we are aligned with the core themes of Corporate Governance: human rights, fair labour practices, environment, customer care, and community involvement and development.

We gather the ambitious and challenging business strategies to turn them into reality; we monitor their progress to then give feedback to our stakeholders on the activities and progress we are achieving.

We verify that our activities comply with the regulations, both national and international, also through the application of the **Code of Ethics** and of the regulations related to the administrative responsibility of legal persons (Legislative Decree 231/2001).

This activity is summarized in the report contained in this Integrated Report, our business card for making the Epta approach to business transparent and assessable, supported by independent validation and drawn up according to the standards of the IR Framework as well as the GRI standards and ISO 26001.

2.3 Stakeholder engagement and materiality

For a sustainable approach to business and to make progress in achieving the United Nations Global Goals, Epta aims to spread its values, share its strategies and involve its stakeholders.

Materiality analysis is the main tool for identifying their interests and expectations in the economic, environmental and social spheres, and then relating them to management's view of the same topics.

The analysis journey, which began in 2016, is progressively involving new categories of stakeholders: in 2021, in addition to colleagues, we involved banks and credit institutions, insurance companies and financial service providers.

We believe that the Integrated Financial Statements are much more than a simple collection of data: the more the aspects it describes are qualitative, relevant and significant for the company and its stakeholders, the more reliable it is.

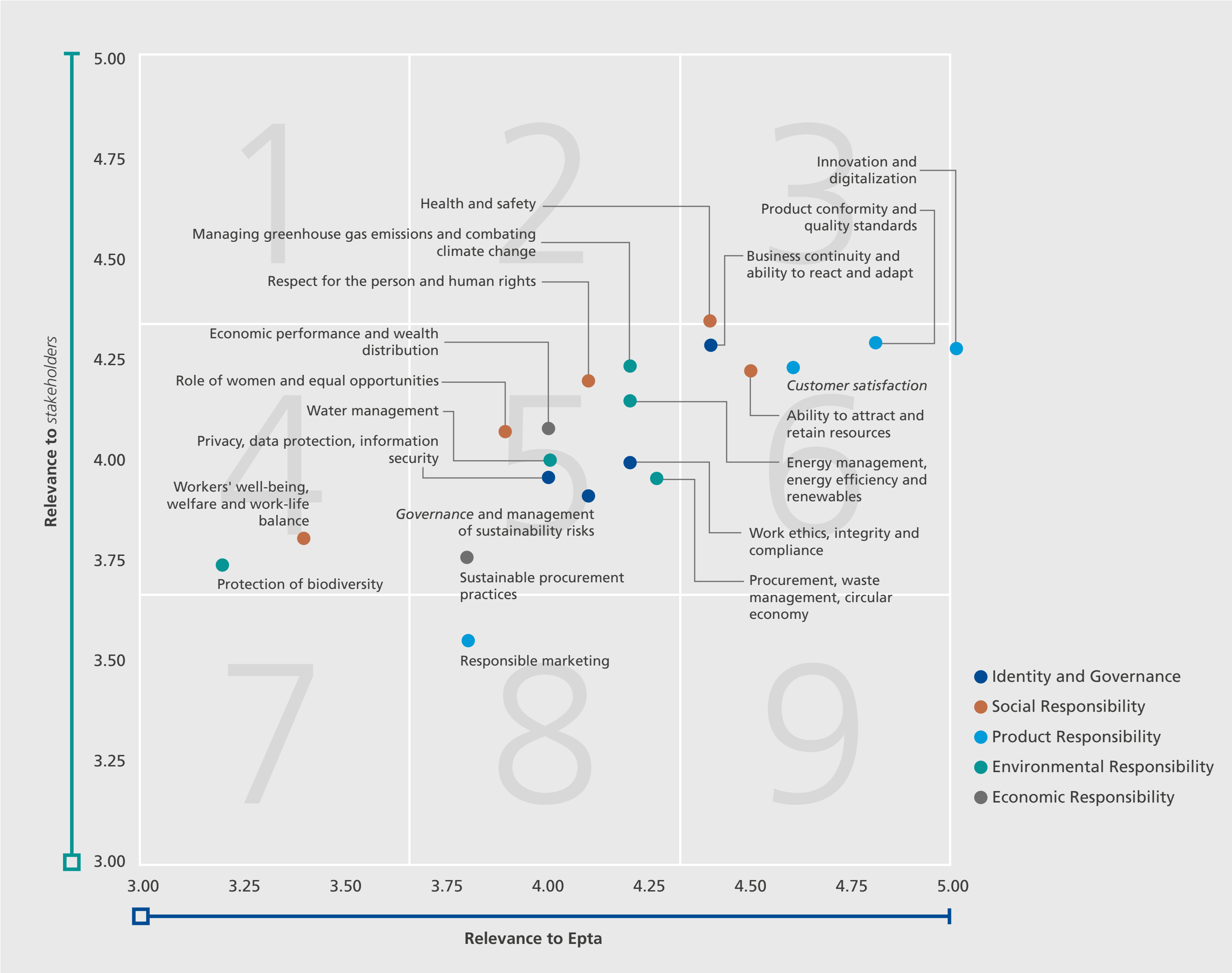
Our goal is to understand the level of importance of each aspect investigated and to see if new ones need to be added to reflect changing business priorities, market conditions and global trends.

For the elaboration of the materiality analysis, we considered the issues to be analyzed and,**inspired by the SDGs *(Sustainable Development Goals)* proposed by the UN**, we prepared a survey that we submitted to our stakeholders in the following areas:

Identity and Governance	Social Responsibility	Product Responsibility	Environmental Responsibility	Economic Responsibility

We analyzed the results and summarized them in the chart below. In order to correctly interpret the results of the materiality analysis and thus to understand the strategy we intend to pursue, we must consider that:

- stakeholder expectations do not always coincide with those of the company; this can occur due to a lack of perception of needs (lack of evidence in quadrant 1), as well as a lack of communication (lack of evidence in quadrant 9);
- some issues may have a higher expectation for one of the two categories. The presence of topics in quadrant 4 indicates that these expectations have greater relevance to stakeholders than that demonstrated by the Company, suggesting the need for a more accurate assessment;
- similarly, topics placed in quadrant 6 indicate greater interest on the corporate side. Here we need to take action to communicate more effectively because these issues are relevant to us;
- the lack of evidence in quadrant 7 indicates that none of the expectations are relevant to stakeholders and the Company.



In summary, the analysis revealed a convergence of expectations among stakeholders: most of these expectations are concentrated in quadrant 5. It is important to emphasize that the safety of workers is equally perceived as very important, a value supported by investments in new technologies, increasingly safe, accompanied by training and awareness of our employees.

Innovation and digitalization

A clear path to digitalization will allow new value-added services to be offered, improving the Company's competitive advantage. Being active figures on national and international discussion tables allows us to grasp the evolution of regulations and to anticipate market needs. (ref. p. 55)

Product conformity and quality standards

Our products are tested following strict protocols to ensure high standards of quality and safety, validated by external bodies with product certifications. (ref. p. 49)

Customer satisfaction

Customers are our reference point and we take care of them by accompanying them in the choice of products that best meet their needs: we support them in designing and implementing the store by adding tailor-made maintenance services thanks to a widespread organization present throughout the world. (ref. p. 85)

Health and safety

Taking care of our employees is the foundation of the way we operate. We invest in new technologies considering the human-machine interaction and the ergonomic aspects that the job requires.
We involve workers in reporting critical situations because we strongly believe that only with the involvement of everyone will we pursue the goal of a "zero injury" factory. (ref. p. 95)

Ability to attract and retain resources

The success of a company is also based on the satisfaction of its employees: for this reason we apply policies to ensure employment stability and invest in training to increase knowledge and give everyone the opportunity to aspire to better positions within our group. (ref. p. 90)

Business continuity and ability to react and adapt

The optimization and standardization of production processes will allow us to ensure a proactive reaction to market demands by intervening in all our production realities, harmonizing technologies to increase efficiency. (ref. p. 24)

Managing greenhouse gas emissions and combating climate change

We are aware that industrial production generates atmospheric pollution: this is why we check that our emissions comply with the regulations with thorough controls.
We also know that refrigerant gases have an impact on climate change: this is why we are actively engaged in defining parameters, in drawing up guidelines for the conscious and responsible use of these raw materials and in encouraging our customers to adopt the solutions with the lowest environmental impact with respect to their needs. (ref. p. 98)

Respect for the person and human rights

Our commitment to the respect of human rights is embodied in the application of the Code of Ethics since 2008, inspired by international documents such as the Universal Declaration of Human Rights and the ten principles of the Global Compact. (ref. p. 38)

#EPTABricks, an innovative click&collect solution that enables flexible online grocery pick-up

The safety of our employees is at the core of the way we operate

Energy management, energy efficiency and renewables

Energy is the engine of our companies: our production processes require its use, but we can contribute to the reduction of environmental impact through the use of energy from renewable sources.
We are active in the self-production of thermal energy and electricity from cogeneration: in addition, we are progressively extending the production and self-consumption of electricity from renewable sources at our production sites with the installation of photovoltaic panels. (ref. p. 100)

Economic performance and wealth distribution

We do our best to approach new markets and to offer new products and services, which are the real engine of progress for the group: good performance guarantees us production stability, which then leads to a fair distribution of wealth, with both short and long term benefits.
At the same time we push to keep wages at our sites in line with the market. (ref. p. 79)

Role of women and equal opportunities

We are committed to fostering diversity and inclusive workplaces, providing opportunities for all employees to benefit from the company's value creation.
We promote an increase in the percentage of employed women and invest in training our employees to make our companies the best place to work. (ref. p. 91)

Work ethics, integrity and compliance

Through the governance system, we ensure that all of our employees follow appropriate and transparent decision-making processes and that the interests of all stakeholders are protected by applying robust and resilient processes and codes that have demonstrated the ability to meet the business needs of strategic planning and risk management.
We have voluntarily adhered to the Rating of Legality to emphasize this will of ours that goes beyond simple legal obligations. (ref. p. 25)

Water management

In respect of this primary source, we apply to our production systems closed-circuit systems that promote a conscious use avoiding waste and indiscriminate discharges. (ref. p. 101)

Procurement, waste management, circular economy

We strive to have a resilient supply chain that can adapt quickly to market-driven changes. Our goal is to develop products and processes that promote a circular economy, also achieved through careful separation and management of waste, to reduce the impact on the planet's resources.
In the future, we will strive to further reduce our impact and adopt best practices for recycling our waste. (ref. p. 101)

Privacy, data protection, information security

We ensure the application of strict security protocols and the use of information technology with a high degree of protection to ensure the proper handling of data and to protect the confidentiality of the information we manage on a daily basis, including backup and disaster recovery systems.

Governance and management of sustainability risks

Our governance rules and corporate culture are based on ethical conduct and long-term value creation. For this reason, since 2012, we have chosen to apply monitoring in our environmental, social and governance performance in order to ensure consistency and accountability. (ref. p. 38)

Workers' well-being, welfare and work-life balance

We apply welfare policies with initiatives, goods and services available to our employees as income support, to increase spending power and improve health and well-being.
We have work arrangements directed at balancing and reconciling work and private life including hybrid-working arrangements put in place since before the Covid-19 period in 2019. (ref. p. 96)

Sustainable procurement practices

We strive to develop a supply chain that is sustainable and integrates requirements, specifications and criteria that are compatible with the protection of the environment and society as a whole. (ref. p. 51)

Protection of biodiversity

We carefully consider the implications that our processes may generate to the ecosystem and apply all technologies and scientific knowledge to minimize the possibility of damaging the ecosystem. (ref. p. 86)

Responsible marketing

We promote responsible and transparent marketing, listening to the needs of our customers, developing and promoting products and services that respect the environment and, in a broader sense, the concept of sustainability. (ref. p. 82)

From 2021, we support treedom, the first web platform to plant a tree at a distance and follow its growth

3. POSITIONING AND PERFORMANCE OF THE EPTA GROUP

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

3.1 Productive Capital

3.1.1 Quality, safety and conformity of Epta products

The focus of our products and services has always been on innovation and technological research, with the aim of improving energy performance, reducing environmental impact, increasing safety, improving the quality and experience of use through research and ergonomic studies for both our customers and end users.

For this reason, all Epta products and services are characterized by strict adherence to the regulatory requirements of each market in which we operate. This is due to two sets of reasons:

- our in-house development and standards compliance verification capability with certified third-party entities, which enables us to have deep technical knowledge and high control;
- our commitment to be active players in the confrontation with regulatory bodies, as a member of technical committees in the development of technical standards at national (UNI, AFNOR, BSI, DIN, etc.), regional (CEN, CENELEC), and global (ISO, IEC) level, in the context of the definition of new laws and, finally, through participation in the "consultation forums" of the European Union.

The quality and conformity of our products is guaranteed by the **numerous certifications achieved and constantly updated** over time - such as CB IECEE scheme certificates, PED notified body certificates and Eurovent Certitia certificates - by the processes of mapping laws and regulations (Epta standard nr IDIC007) and procedures for the application of product compliance (Epta standard nr IDQM002 and IDQM004), which have been developed and integrated internally, and which involve the creation of technical files, certification with accredited bodies, declarations of performance or conformity, product manuals, nameplates and energy labelling.

Quality

In order to guarantee their quality, at the end of the production process all our finished products are subjected to a **specific testing activity**, aimed at verifying electrical safety, functionality, refrigerant circuit leakage, aesthetics and, as far as only plug-in products are concerned, thermodynamic performance. In the case of remote counters, testing is done at the point of sale, evaluating the entire solution installed at the customer's premises. In addition, the R&D department regularly conducts special validation tests, aimed at verifying the reliability of the technical solutions adopted on all new products: for this purpose, in some production plants are installed areas with controlled climate for the performance of endurance tests, carried out by our "Quality" function - in support of the R&D Department - both on products under development and on randomly sampled products among those already in the catalog in order to test the quality of the production process and/or perform checks against problems that have emerged during use.

Ecodesign and Energy Labeling

In 2021, the European Union has extended the applicability of the "Ecodesign" and "Energy Labeling" energy efficiency regulations to our sector, with the aim of regulating the Food Retail, Food Service Equipment and Food & Beverage segments, obliging all manufacturers to objectively highlight the energy consumption of the various products. A change that has triggered a new vector of competition and has been enthusiastically welcomed within Epta, since we have been adhering on a voluntary basis to the "Eurovent" energy certification scheme since 2008, as a guarantee of the energy efficiency of our range. To this end, the R&D department has set up an internal program called "the Epta Design for Environment" which defines three priorities in the design and development of new products:

1) Energy efficiency, both in terms of production and use;

2) innovation in materials, both in terms of reducing the consumption of resources used and in terms of finding solutions with a low environmental impact;

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

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

Green House Emissions

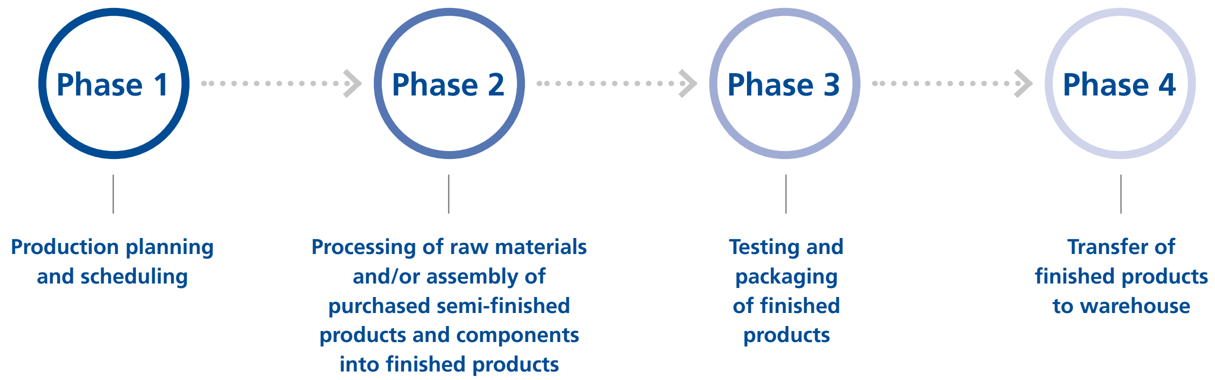
100% of our products are offered with low or neutral GWP gases, far exceeding the compliance required by the European F-Gas Directive both in view of a future more restrictive revision required by the EU 2030 targets and because the progressive reduction of the impact of our activities to achieve Net Zero Emission and develop a circular economy is one of our main objectives. In fact, our entire range is available with R290 (propane) solutions for plug-ins and R744 (CO_2) for remote and cold packs.

100% **products with low GWP gases**

We periodically carry out "life cycle assessments" to evaluate the environmental impact of products, such as the "C4R" project financed by the European community and just concluded during the year 2021. (ref. p. 58)

3.1.2 Processes and production capacity

Our production process is divided into the following phases:



Some of the factories are specialized in the realization of specific types and/or product lines (remote counters, plug-ins and cold packs), while other factories can realize more lines and product types.

The final decision about which factory should produce a specific order therefore depends 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 nature of the business, production can be divided into:

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

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

Moreover, when new technical solutions or variants of existing products are implemented, the R&D Department can conduct validation tests to verify their reliability. (ref. p. 48)

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 Supply Chain Management

The Epta Supply Chain, on a global level, is structured on a base of **more than 2,400 suppliers** that develop a purchase volume **equal to about 42% of the** Group's **turnover**. Historically, the network relies on technical/commercial partnerships consolidated over time with the major industrial groups that are world leaders in the refrigeration business. The ten top players in the EPTA purchasing network (raw material/components) are worth 10% of total global purchasing revenue in 2021.

The purchasing function provides a rather 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 functions remain focused on material/service procurement activities to ensure the necessary management flexibility required by local markets and purchasing activities for materials/services that are not strategic to the group.

The complexity of the network of production and distribution of raw materials, components and services associated with industrial activities requires a significant focus on the organizational balance and processes of sourcing, purchasing and procurement between resilient (ensuring the continuity of the supply chain) and efficient (maximizing the opportunities for savings).

In a period like the current one characterized by market uncertainty and strong elements of global supply chain discontinuity (mainly due to geo-political factors and pandemic management) our global/local sourcing strategies are determined by risk minimization criteria with:

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

This way of working - in addition to the optimization of sourcing, contracting and procurement processes and new projects such as the one related to the digitalization of processes (which will be developed sequentially, in 2022 in EMEA and then, between 2023 and 2024 in LATAM and APAC) - allows us to manage the criticalities of the supply chain, thus enabling us to guarantee the need for the components necessary for customer satisfaction.

2021, in particular, was a particularly complex year for global supply chain continuity due to the pandemic and geo-political effects. Nevertheless, by taking advantage of the relationships built over time with key partners in the supply chain, we have been able to ensure the accompaniment of the group's growth.

In cases where our usual suppliers have not been able to meet the growing demand, we have activated the following countermeasures:

- sourcing and qualification of new suppliers;
- research of alternative technical solutions, activity synergically developed with the R&D and Quality departments.

In order to improve the focus on ESG factors and criteria, the function intends to implement responsible sourcing focus activities. This choice will lead to the evolution of our supplier qualification procedures in which social requirements will be structurally integrated with those already in place for environment and safety.

Materials used

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

This is just a starting point: we are always looking for solutions that enable responsible production, processes and consumption that reduce the waste of natural resources and consist of sharing, reusing, repairing and recycling materials, as well as products that last as long as possible.

This commitment also concerns the search for eco-compatible packaging with the use of cardboard and wood that, at the end of their life, can be recovered to be reintroduced into the economic cycle and reused within the production cycle, generating further value.

Material	%
Galvanized steel	48.10%
Glass	16.28%
Packaging material	7.16%
Plasticized steel	6.15%
Ferrous metals	6.01%
Aluminium	3.94%
Polyurethane	3.84%
Stainless steel	3.10%
Copper	2.81%
Paints	1.33%
Plexiglass	1.29%

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

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

3.2 Intellectual Capital

3.2.1 Investments

During 2021, we continued to invest in new processes and new products in order to provide innovative technologies in the manufacturing process and in compliance with new regulations, health and safety as well as the environment.

CONSOLIDATED INVESTMENTS IN TANGIBLE ASSETS

18.4	12.2	2.1	4.1
mln euro	Operations	R&D	ICT, Quality, Safety

The main investments relating to operations concerned:

Limana Plant (Italy):
- Investment for the industrial process of the door department;
- Investments for the internalization of grid production;
- Investments for the industrialization process of production lines;
- Laser cutting investments;
- Investments for the expansion of the glassware department.

Casale Monferrato Plant (Italy)
- Thermoforming plant investments;
- Investments for the industrialization process of production lines;
- Paint process investments;
- Investments in the sheet metal department.

Hendaye plant (France)
- Investments for the industrialization process of production lines;
- Investment in the paint shop.

Kyser Waren Plant (USA)
- Investment for the industrial process of the door department;
- Investments for the industrialization process of production lines;
- Investments for ergonomic improvement on production lines.

Bradford Plant (UK)
- Paint process investments.

Cha-Am Plant
- Investment in the sheet metal department;
- Logistics investments.

Qingdao Plant (China)
- Plant expansion.

Solesino Plant (Italy)
- Laser cutting investments.

Other investments in continuous improvement, environmental impact reduction, waste reduction and safety have also been made for all Epta Group plants.

Product Development

In 2021, our R&D activities focused on product quality, environmental sustainability and expanding our product offerings.

The most important investments in the "Food Retail" sector have concerned the development of solutions that increasingly improve the **energy performance** of our products, continuing the search for innovative solutions in line with our history, and with the growing market need for efficient and environmentally friendly products. Particular attention has also been paid to the re-design of some product ranges to meet **new market needs and *megatrends***: increase in proximity stores, dark stores and IoT technologies, while always maintaining a strong focus on regulatory compliance, safety, ergonomics and of course ease of use for both our customers and end consumers.

Significant investments have also been made in products dedicated to the U.S. market that will allow Kysor Warren to expand its product offerings with new technologies and merchandising solutions for the U.S. market. The solutions are related to low temperature vertical counters, a medium temperature glass door platform and low and medium temperature plug-in.

Particular attention has been placed on continuing to develop advanced **IoT technologies** that enable Epta products to be connected. IoT devices enrich the value of our products because they allow our Customers to better control their Cost Of Ownership and to better plan their store strategically (Glocalization and Fleet Management, Telemetry for preventive maintenance and Merchandising Data).

Regarding environmental and sustainability issues for products and services, the Group is working with the European Commission, the European Organization for Standardization (CEN, CENELEC) and the World Organization for Standardization (ISO, IEC) to develop technical standards and legislation to improve product and service quality, in terms of energy efficiency. Epta is also involved in U.S. regulation; Epta products for the U.S. market comply with safety (UL), hygiene (NSF) and energy efficiency (DOE) regulations.

3.2.2 Research and development activities

Product, system and service innovation

Thanks to a team of more than **270 people** in **11 locations**, including an Innovation Center dedicated to scouting for future technologies, the Group's R&D department designs **products and services** capable of intercepting the continuous evolution of trends in the Retail, Food & Beverage and Ho.Re.Ca. sectors.

Innovation is at the heart of Epta. It is first and foremost a way of life that involves the entire company, in particular every aspect related to product development and process management.

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

New solutions and services for a purchasing path in constant evolution

Digitalization has now acquired a central role in many aspects of daily life and is emerging as a key factor in the Retail world as well. It is a trend that accelerated rapidly during the 2020s as shopping habits changed profoundly. We have seen a rapid evolution in the sociology of consumption, with the explosion of eCommerce, Click&Collect and the rise of neighbourhood stores. At Epta, we are able to support large-scale retail operators in the change taking place by promoting alternatives to facilitate consumers. This commitment is reflected in increasingly successful innovations that contribute to differentiate the possibilities of shopping by focusing on technology, convenience and safety, with a careful eye to environmental sustainability.

The **#EPTABricks refrigerated lockers** for online grocery pick-up are a concrete example of this: they can be placed anywhere, within residential neighbourhoods and along the home-work route, and are the ideal solution to meet the needs of those looking for a quick solution during short daily commutes. Practical and sustainable, the lockers are easy to manage thanks to a system that integrates with the Sign's e-commerce platform and use natural propane refrigerant R290. A further development in the online world are fast grocery delivery services active above all in large cities that are linked to the so-called dark stores, micro-logistic centers able to offer grocery delivery services in just 30 minutes.

Sustainable innovation drives product and process development


VIPay larp digital technology turns store fronts into smart vending

Specialized corner realized thanks to the Epta Concept design service

Proximity store with Epta world counters

To take advantage of this changing context in shopping habits, we have developed plug-in solutions to be placed in dark stores that offer performance and proper storage, combined with compactness and reliability.

Another solution that responds to the latest trends in the industry is **VIPay Iarp's digital technology**, which turns store fronts into smart-vending with payment by credit card or APP via smartphone. Flexible and versatile, it is also available on many models of Epta positive temperature brands. The application areas are endless: thanks to VIPay it is possible to install smart vending in offices, gyms, canteens, up to the restaurant area in supermarkets.

For years now, digital technologies have been an essential enabling factor in the development of increasingly complete and personalized products and services. Very frequently, in fact, even refrigerated counters can be connected and allow the collection of data used for multiple purposes: to improve merchandising and visibility of goods, to optimize the efficiency of the counter itself, to prevent malfunctions or be used for predictive purposes, but also to identify new needs and lay the groundwork for the development of new products and services.

If we look at the more traditional retail world, the spread of online grocery shopping has influenced and produced further evolutions that have pushed it forward even further. The physical store is redesigned to become a real destination for the final consumer: the large commercial surfaces give life to thematic corners with catering spaces for the sale of sushi, meat and cheese or pastries. In this scenario, Epta Concept services are available to customers to study the most innovative settings and corners that follow the new tastes of consumers while respecting the brand's identity.

Perhaps the most emblematic example, however, comes from the world of discount stores that have evolved to become the new neighbourhood stores with more care in display and a greater number of references. For these spaces, Epta has developed solutions that combine robustness and reliability with design and performance to accompany discounters on their journey towards a new identity.

Proximity stores are among the fastest growing formats to meet Retail's needs for hyper-location, flexible opening hours, and the ability to make a quick and sought-after shopping trip. In this sense, Epta has developed a complete family of ***self-contained*** display cases that combine the design of remote counters with the optimised capacity and compactness of solutions with incorporated units, to furnish the entire free service area of small surfaces, minimarkets and convenience stores with taste and refinement.

Sustainable Refrigeration

The desire of Epta to practice sustainability with a genuine sense of responsibility is also embodied in a strategy of environmental protection: a commitment that is reflected in every project, in research and in production processes, from product conception and development to end-of-life. A fundamental premise for implementing this logic is the quantification and certification of the potential environmental impact of products and processes, which the Group carries out by adopting the LCA (Life Cycle Assessment) method.

Global greenhouse gas emissions are expected to increase in the coming years, mainly due to developing countries having access to the cold chain to transport and store food as well as air conditioning systems to protect themselves from the steady rise in temperatures. Recent studies show that to meet global market demands, **19 HVAC&R units per second will be installed over the next 30 years** (source: Toby Peters, Professor of Cold Economy, University of Birmingham). Choosing natural refrigeration will increasingly become a must to help reduce the carbon footprint. Europe is paving the way for climate change technologies with the goal of driving the transition to a climate neutral economy.
To support retailers, at Epta we have studied plant engineering solutions that are ideal for every sales space: technologies that look to the future, to orient the sector towards eco-compatible alternatives.

Epta sustainable innovation includes bringing simple and ingenious natural refrigerant solutions to market. We promote the adoption of natural refrigerants for all surfaces in all climate conditions: 100% of remote counters are already available with CO_2 and all plug-in and integral* counters are available with R290 or other low GWP (global warming potential) gases.

Ecodesign and Energy Labelling: new regulations and greater transparency

Ecodesign and Energy Labeling entered the world of commercial refrigeration on March 1, 2021, when the **Ecodesign (2019/2024) and Energy Labeling (2019/2018) Regulations** came into effect for all products included by the European Commission within **Batch 12**: "commercial refrigeration equipment intended for the display and sale of fresh and frozen items".

These regulatory changes are part of a broader European Union plan, which, as defined in the Green Deal, aims to transform Europe into the first climate-neutral continent by 2050. Both regulations are indirectly intended to promote innovation and competitiveness among manufacturers to reduce the consumption and environmental impact of refrigeration equipment by enhancing the performance of solutions.

Epta is a member of the **ASSOCOLD** and **EUROVENT** associations and, as a manufacturer, participates in working groups supporting the European Commission.

The Group's brand solutions included in Lot 12 and therefore subject to the regulations are remote positive and negative

*Integral: with motor on board but with aesthetic characteristics comparable to a remote bench counters, built-in and plug-in group counters, beverage display cases, small ice cream freezers, bulk ice cream display cases and vending machines for fresh products. Epta has complete ranges that are particularly energy efficient to help drive the market and customer transition to more sustainable refrigeration. These include the GranFit family of remote counters and the Costan SlimFit integrated unit which, in certain configurations, reach class B status, always guaranteeing the best product visibility and display consistency. In the achievement of these optimal energy standards, advanced merchandising solutions play an important role in lighting and glazing, which are increasingly transparent, and technological features such as variable speed compressors and electronic control of aeraulics.

In the initial scenario of the Regulations, Classes A and B are expected to be empty, due to the very low consumption levels set, with the goal of driving the market toward continued increases in average system efficiency.

It is therefore important to clarify that, unlike other categories where energy labeling has been in effect for years, buying a Class C refrigerated counter in 2021 means choosing a product among the best on the market.

Nevertheless, we also include in our product offer some class A counters, such as VIC Creamy 220/330/440 and Globo Retrò 220/330/440 larp.

New energy labelling

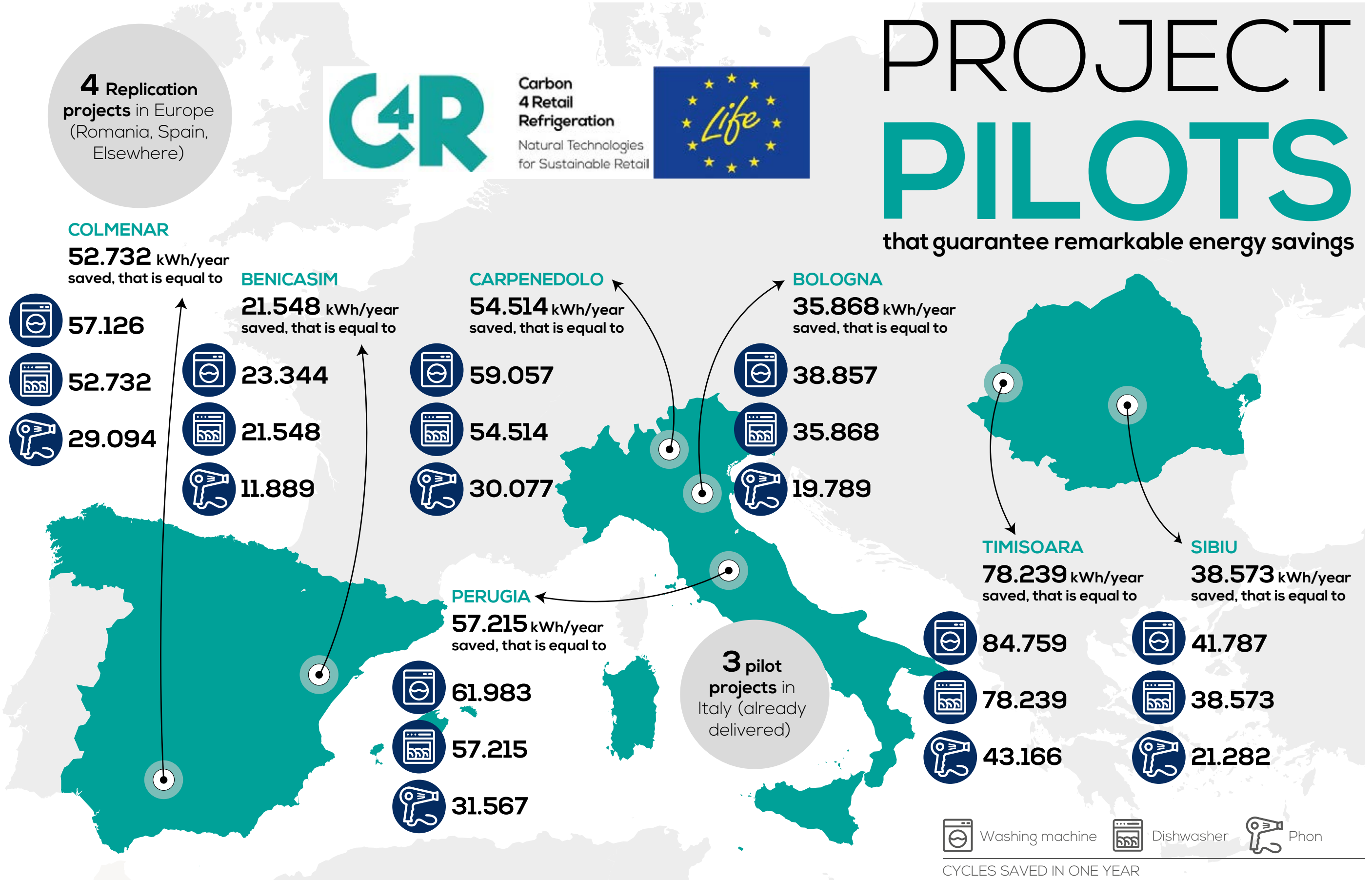
The Life-C4R Project: an example of excellence to promote sustainable innovation throughout the Retail world

Confirming Epta's sustainable approach, the Group has been included in the Mitigation Area of the European Union LIFE17 Programme, with the Life-C4R - Carbon 4 Retail Refrigeration project co-funded by the EU (no. LIFE17 CCM/IT/000120). This is an international marketing initiative signed by Epta and directed to promote natural refrigeration that ran from 2018 to 2021.

The Life Program promotes more than 35 projects, divided into two areas, called Adaptation and Mitigation.

The objective of Life-C4R was to raise awareness among all players in the retail world and the technical and scientific community of the use of increasingly efficient solutions, and to demonstrate how it is possible to completely replace the synthetic refrigerants HCFC and HFC, which are highly polluting, with a substance that is present in nature in very high quantities and that in the common imagination is considered a harmful element, but that has characteristics that make it an excellent refrigerant gas: **CO_2**.

Epta has studied and patented a technology called **Full Transcritical Efficiency (FTE) System** which is able, through the simple introduction of a mechanical component into the refrigeration system, to use CO_2 as a refrigerant in a simple, efficient and reliable manner in any climatic condition and anywhere in the world. Thanks to its revolutionary features, FTE has received a special endorsement from BITZER, the well-known compressor manufacturer, who praises the solution for its



Life-C4R technologies have been used for 7 pilot projects across Europe

special performance. An additional technology from Epta, the **Extreme Temperature Efficiency (ETE) System**, combined with FTE, ensures improved system operation at any latitude, even above 40°C.

FTE and ETE technologies, the basis of the Life-C4R project, have been implemented in 7 stores located in Italy, Romania and Spain.

These pilot installations were important in demonstrating the reliability, performance, and energy consumption of the design technologies under a variety of conditions:

1. store area of various sizes, from 1,000 to 6,000 square meters;
2. weather conditions, ranging from mild to extremely hot.

Data collected over more than 12 months clearly shows that Life-C4R technologies deliver **energy consumption reductions ranging from 15% to 23% on an annual basis**, which is much higher than expected. It is clear that the FTE2.0 and ETE CO_2 technologies ensure very efficient operation at all times, regardless of the outside temperature.

In addition, the acquired evidence allowed to build a model to predict the conduct of FTE2.0 and ETE systems under any other condition. In fact, a comprehensive life cycle analysis of the GHG emissions of Life-C4R technologies was performed according to LCCP standards to monitor and assess the overall carbon footprint of the project. Analysis shows that using Life-C4R technologies can **reduce global CO_2** emissions by up to 20%.

In particular, it was observed that the impact of the refrigerant is practically zero and most of the impacts are originated from the energy consumption of the system, which is very positive since most of the electricity will be produced from renewable sources in the future.

Being a marketing and dissemination project, Life-C4R has been at the center of an impressive communication activity to promote its technical solutions through public events, trade fairs, conventions, seminars, networking meetings and professional training, and to raise awareness among a heterogeneous audience of stakeholders - composed of professionals, international organizations, academia, policy makers and consumers - about the environmental implications of the massive use of natural refrigerants.

Ongoing research programs: RENAD AND ENOUGH

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

RENAD (Digital Agrifood Natural Refrigeration)

The program, presented by Epta and approved by MiSE, was launched in 2020 with a three-year duration and aims to develop natural, sustainable and digital refrigeration solutions within the Retail and Food&Beverage sectors.

Based on 3 pillars such as Ecodesign, IoT and natural refrigerants, the industrial research and experimental development activities foreseen within the project will investigate new technologies for the reduction of consumption, the use of natural refrigerants and the possibility of establishing a circular economy aimed at eliminating waste at the end of life of products. Two years into the project, a number of solutions have already been developed, including cashierless payment methods with video recognition of product pick-up. Further developments in improving energy class performance are also expected, particularly related to new technologies being investigated and verified.

ENOUGH (European food chain supply to reduce GHG emissions by 2050)

The project brings together experts from more than 9 European countries, including the UK, Norway and Turkey, with 28 partners from industry (ENEX, ENGIE Kaltetechnik, Eletica, Campden BRI, VISD, Arçelik, Rørosmeieriet, Optiflux, city FM, Yeo Valley, CGDC and EPTA), Research, Cold Chain and refrigeration technologies, with the collaboration of European Universities and research institutes (SINTEF Ocean, LSBU, UoB, INRAE, Ku Leuven, CNR, TU Graz, VMU, SUT, UNIVPM, UGOE), associations (ANIA) and organizations (IIR). Aiming to build a low environmental impact future in line with the European Green Deal, ENOUGH aims to decarbonize technologies related to food distribution and refrigeration. Epta, in particular, will focus its efforts on the study of thermal energy storage to integrate non-programmable energy sources (such as sun, wind, sea waves) with a view to reducing the use of coal and gas.

3.2.3 Management systems and certifications

The common goal of all the companies in the Group is to achieve the highest standards of excellence: this commitment becomes tangible in the numerous certifications obtained which, since 1996, Epta has been progressively implementing in its various production and commercial operations.

We voluntarily apply international standards in order to effectively manage our production processes, to reduce and optimize energy consumption, to ensure healthy, safe, human-scale working environments, to properly manage the waste we produce so that our customers can be sure that the products and services we offer are the result of careful management of all areas.

Site	ISO 9001	ISO 14001	ISO 45001	ISO 50001	Carbon Trust Standard	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 Asia Pacific	✓					
Epta Deutschland	✓					
Epta Iberia	✓					
Epta International	✓					
Knudsen Koling	✓					✓

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 **91 patents** distributed between refrigeration counter and refrigeration system products (such as ETE and FTE). (ref. p. 59)

We recently acquired the Kysor Warren company and brand and with it a portfolio of over 50 titles including patents, designs and models.

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**.

91
patents

150
registrations

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

3.3 Financial Capital

3.3.1 Communication to shareholders by the Board of Directors

The consolidated financial statements at 31 December 2021 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)	31.12.2021	31.12.2020	Change
Revenues from sales and services	1,177,199	907,774	269,424
Other revenues and income	22,125	20,043	2,081
Total revenues	**1,199,323**	**927,818**	**271,506**
Total current operating costs	(1,106,576)	(891,893)	(214,683)
Operating margin	**92,747**	**35,924**	**56,823**
Net financial expenses	(5,081)	(8,145)	3,064
Taxes	(26,559)	(8,415)	(18,143)
Minorities' result	**158**	**(53)**	**211**
Result attributable to the Group	**60,950**	**19,417**	**41,532**
Total investments	18,443	25,159	(6,717)
Amortization/depreciation	(36,365)	(37,251)	886

3.3.2 Comment on the general economic scenario

In 2021, economies around the world have made great strides toward post-Covid-19 recovery and reopening. However, recovery has been uneven, incomplete, and often interrupted by new outbreaks. Indeed, the COVID-19 pandemic has resulted in unprecedented macroeconomic volatility, with effects that will be felt for years to come.
Lockdowns caused the largest drop in global GDP in modern history, followed by a rebound to reopen that produced the strongest recovery in 50 years. Stimulus policy action has been instrumental in the recovery, but it has inflated public sector debt, which is up 17 percentage points of GDP globally.

Overall, however, GDP changes were positive, with partial recovery compared with pre-Covid levels: the United States 6.0%, France 6.3%, Spain 5.7%, Italy 6.2% and Germany 3.1%. On the Asian front, China saw an increase in GDP of over 8%, significantly higher than Japan (2.4%) and Russia (4.7%).
The economic recovery in 2021 has allowed recovering many jobs, and in several countries, unemployment rates are close to pre-pandemic levels.
Rising inflation was one of the central themes of 2021. The combination of monetary and fiscal stimulus coupled with strong demand for goods and the pandemic turmoil in many supply chains produced sharp increases in inflation on primary goods.

Overall, inflation rates were reported as follows: 1.7% in Italy, 2.0% in France, 2.2% in Spain and 3.9% in Germany. In North America, price increases reached 4.3%.
For some commodities, price growth was even multiples of pre-Covid levels (e.g. ocean freight or steel). The price of oil also moved up from USD 50 a barrel to close at year-end at USD 78 a barrel.
More recently, geopolitical crises have led to energy cost hikes of 400% compared to early 2021.
The year 2021 saw developed country equity markets do better than emerging markets as a result of investor trends that tend to favour the Industrial sectors of ESG-conscious companies.

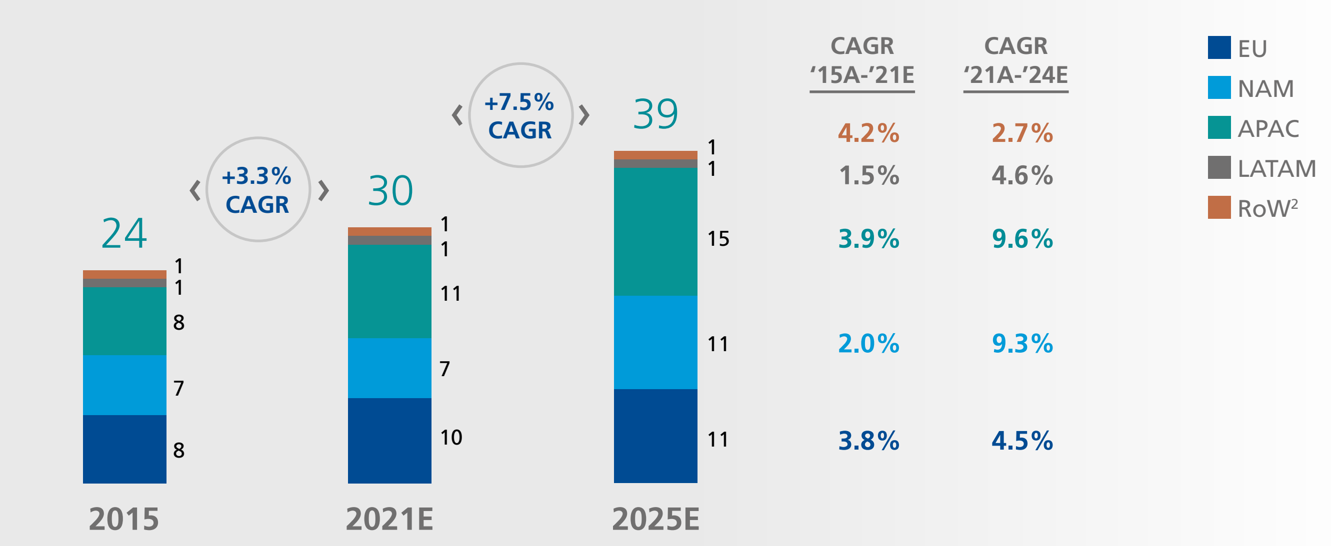
The sustainable finance market has continued to expand beyond green bonds: in Europe, Euro 3.44 billion in green bonds were issued in the first half of 2021 alone. In the second half of the year, nearly two-thirds (65%) of leveraged loans in the European market contained ESG.

3.3.3 Performance of the sectors in which the Group operates

Retail

The global commercial refrigeration retail market in 2021 is worth about Euro 30 billion annually, with an estimated CAGR 2021-2025 of 7.5% (source: elaboration by a leading international consulting firm), about double the previous period 2015-2020.

ANNUAL VALUE OF GLOBAL RETAIL MARKET (EURO BILLIONS)[1]



Source: Primary management consulting company
1 Historical based on current prices, 2021E-25E based on projected price in view of market dynamics
2. Including Middle East and Africa

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

(a) **Europe (EU)** represents a relatively more mature market with respect to which a certain stability is expected both in terms of the number and characteristics of large-scale retail outlets, which are equipped with technologies that already guarantee high environmental standards;

(b) the **North American (NAM)** market is, on the other hand, stable in terms of the number of points of sale and their characteristics, but is still in a preliminary phase of adaptation and replacement of the technologies installed to guarantee a lower environmental impact in compliance with international standards over the next 5 years;

(c) the **Asia-Pacific (APAC)**market, where China accounts for 70% of the store area, will benefit from both an increase in organized retail in terms of the number of stores and the transition to refrigeration technologies with less environmental impact, which is still at a preliminary stage; and

(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 different stage of maturity of the market at regional level is justified, among other things, by the different legal and regulatory framework in force. In this regard, in fact:

(a) in **Europe:** Regulation (EU) no. 517/2014 of the European Parliament and of the Council of 16 April 2014 (the "Regulation 517") required a 70% reduction of refrigerant gases in the hydrofluorocarbon (HFC) category by 2030 through the imposition of a ban on gases with a high "global warming potential" (GWP). Further measures have been taken at the national level (for example, in France, Denmark, Spain and Norway) including, for example, taxes to discourage the use of certain HFCs;

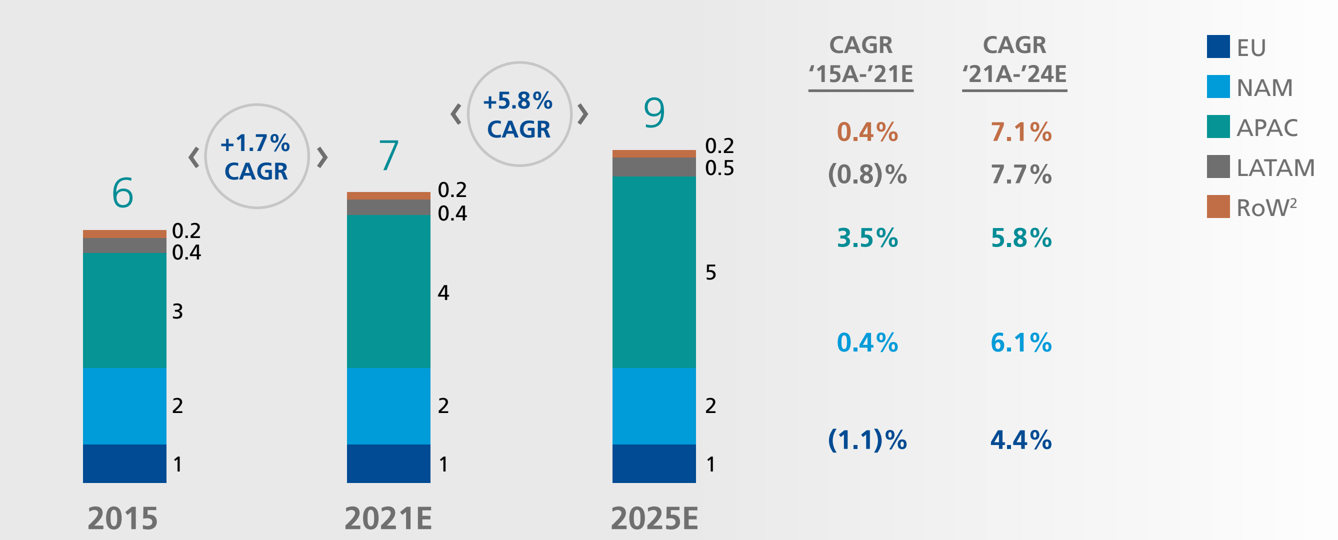
(b) United States: The US Environmental Protection Agency has taken steps to limit and gradually reduce the production and consumption of HFCs and introduce the use of more climate-friendly and energy-efficient alternatives, with the goal of reducing the volume of HFCs by 85% by 2035;

(c) **People's Republic of China:** in September 2021, the Kigali Amendment to the Montreal Protocol (2016) was ratified, with the goal of halving HFC use and "global warming potential" (GWP) impacts by 2040.

Food and Beverage Market

The global commercial refrigeration Food & Beverage market in 2021 has a value of Euro 7.0 billion per year with an estimated CAGR 2021-2025 of 5.8% (source: elaboration by a leading international consulting firm), recovering from the downturn in the Covid period.

ANNUAL VALUE OF THE GLOBAL FOOD & BEVERAGE MARKET (EURO BILLIONS)[1]

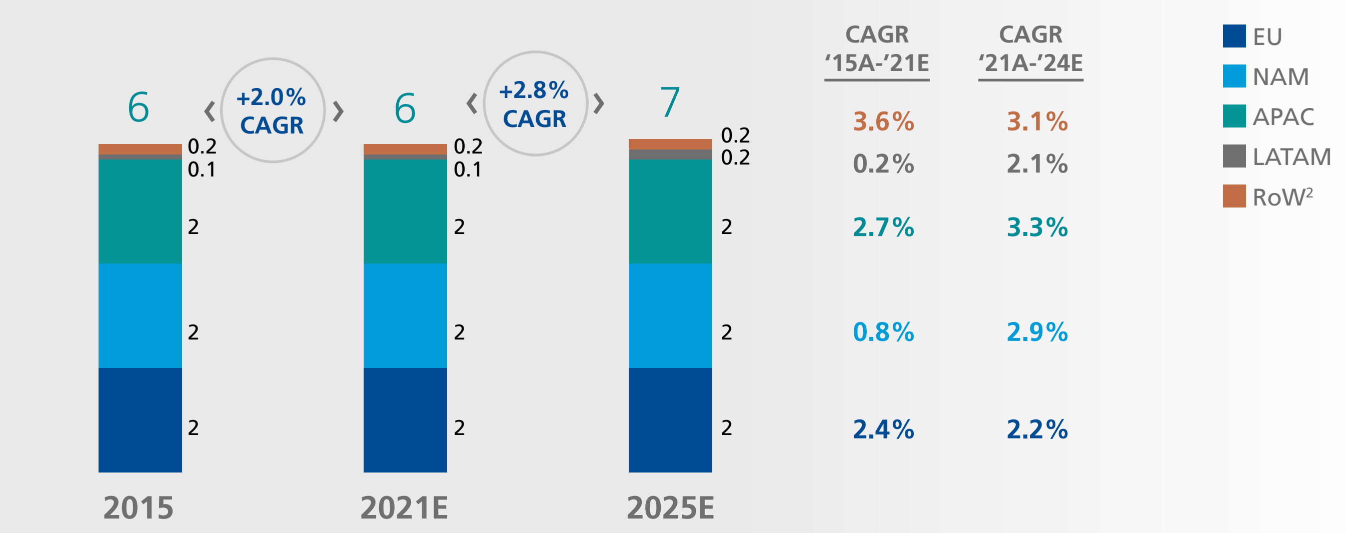


Source: Primary management consulting company
1 Historical based on current prices, 2021E-25E based on projected price in view of market dynamics
2. Including Middle East and Africa

After Sales Market

The global After Sales commercial refrigeration market in 2021 is worth Euro 6.3 billion annually with an estimated CAGR 2021-2025 of 2.8% (source: elaboration by a leading international consulting firm).

ANNUAL VALUE OF THE GLOBAL AFTER SALES MARKET (EURO BILLIONS)[1]



Source: Primary management consulting company
1 Historical based on current prices, 2021E-25E based on projected price in view of market dynamics
2. Including Middle East and Africa

The projected growth rate for 2021-2025 is slightly higher than the growth rate experienced through 2019, given three main elements:

(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 price dynamics (for an expected level of inflation between 1% and 2% percentage points globally), which also impact on the cost of the workforce required to provide after-sales services and activities;

(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.

3.3.4 Analysis of the consolidated financial situation

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

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

(a) are calculated based on historical data of the Group and are not indicative of the future performance of Epta and the Group;

(b) are not subject to audit by the Independent Auditors;

(c) must not be considered as substitutes for the indicators envisaged by the International Accounting Standards;

(d) are defined by Epta and are not envisaged by the International Accounting Standards and therefore may not be homogeneous and comparable with those adopted by other companies/groups;

(e) must be read in conjunction with the Group's financial information.

The following table sets forth the Key Indicators related to financial data for the years ended 31 December 2021, 2020 and 2019.

in Euro thousands, ratios and percentages	At 31 December 2021	At 31 December 2020	At 31 December 2019	Changes 2021 vs 2020		Changes 2020 vs 2019	
Total Revenues	1,199,323	927,818	980,104	271,505	29%	(52,286)	(5%)
Net Income	61,108	19,364	33,028	41,744	216%	(13,664)	(41%)
EBIT	92,747	35,924	54,219	56,823	158%	(18,295)	(34%)
EBIT Margin	7.7%	3.9%	5.5%	3.86%		(1.7%)	
Adjusted EBITDA	136,279	75,036	90,263	61,243	82%	(15,227)	(17%)
Adjusted EBITDA Margin	11.4%	8.1%	9.2%	3.28%		(1.1%)	

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

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

Adjusted EBITDA Margin expresses EBITDA as a percentage of total revenue earned during the reporting period.

The following table sets forth the Epta methodology for determining the Group's EBIT and EBIT Margin for the years ended 31 December 2021, 2020 and 2019.

Euro thousands	At 31 December 2021	as % of total revenues	At 31 December 2020	as % of total revenues	At 31 December 2019	as % of total revenues	Changes 2021 vs 2020	%	Changes 2020 vs 2019	%
Net Income	61,108	5.10%	19,364	2.10%	33,028	3.40%	41,744	216%	(13,664)	(41%)
+ taxes for the year	26,559	2.21%	8,415	0.91%	17,315	1.80%	18,144	216%	(8,900)	(51%)
+/- Net financial expenses (income)	5,081	0.42%	8,145	0.9%	3,875	0.40%	(3,064)	(38%)	4,270	110%
EBIT	92,747		35,924		54,219		56,823	158%	(18,295)	(34%)
EBIT Margin	7.7%		3.9%		5.5%		3.9%		(1.6%)	

The following table sets forth a reconciliation of the Group's net income and Adjusted EBITDA for the years ended 31 December 2021, 2020 and 2019.

Euro thousands	At 31 December 2021	as % of total revenues	At 31 December 2020	as % of total revenues	At 31 December 2019	as % of total revenues	Changes 2021 vs 2020	%	Changes 2020 vs 2019	%
Adjusted EBITDA	**136,279**		**75,036**		**90,262**		**61,243**	**82%**	**(15,226)**	**(17%)**
Adjusted EBITDA Margin	11.4%		8.10%		9.20%					
EBIT	**92,747**	**7.7%**	**35,924**	**3.90%**	**54,219**	**5.50%**	**56,823**	**158%**	**(18,295)**	**(34%)**
+ Amortization/depreciation	36,365	3.03%	37,251	4.00%	34,619	3.50%	(886)	(2%)	2,632	8%
Income from the sale of assets	(756)	(0.06%)	(72)	0.00%	(160)	0.00%	(684)	950%	88	**(55%)**
Extraordinary costs	181	0.00%	0	0.00%	4	0.00%	181	100%	(4)	**(100%)**
Non-operating costs	8,008	0.67%	1,967	0.20%	1,599	0.20%	6,041	370%	98	**6%**
Leases (no industrial)	(266)	(0.02%)	(17)	0.00%	(7)	0.00%	(249)	1465%	(10)	**143%**

Non-recurring items in 2021 include Euro 5.4 million relating to the allocation of the charge deriving from the stock option plan and the remainder primarily to costs incurred in Group companies for activities connected with the ongoing COVID 19 pandemic.

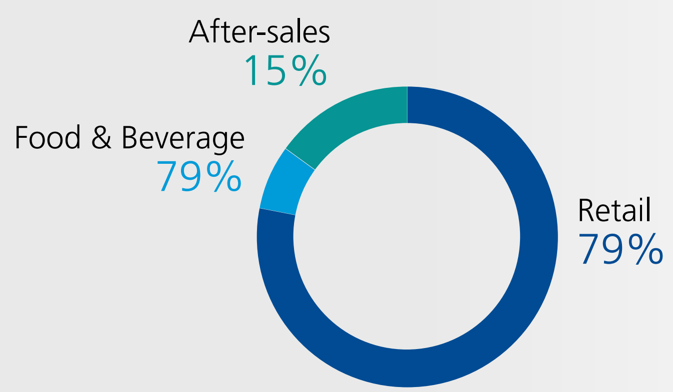
Total revenues amounted to Euro 1,199,323 thousand at 31 December 2021, an increase (+29%) compared to the previous period of Euro 271,505 thousand (Euro 927,818 thousand at 31 December 2020).

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 2021 and 2020.

in Euro thousands and as a percentage of net revenues	At 31 December 2021	%	At 31 December 2020	%	Changes 2021 vs 2020	
Revenues Retail BU	942,618	79%	705,357	76%	237,261	34%
Revenues After Sales BU	175,948	15%	153,432	17%	22,516	15%
Revenues Food & Beverage BU	78,033	7%	64,859	7%	13,174	20%
Net Revenues	**1,196,599**	**100% (*)**	**923,648**	**100%**	**272,951**	**30%**
Non-core revenues	2,724		4,170		(1,446)	(35%)
Total Revenues	**1,199,323**		**927,818**			

(*) Due to rounding, the sum of the various items may not equal the total.

REVENUES 2021



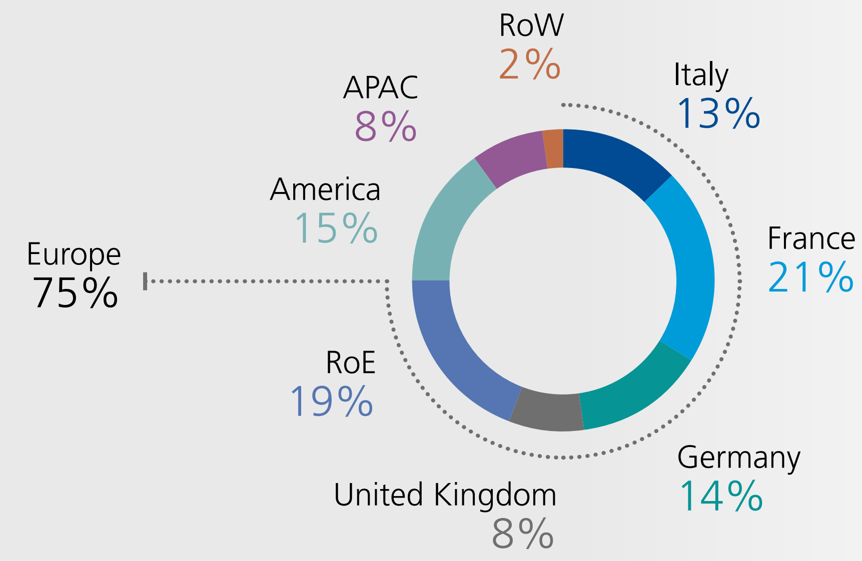
The following table sets forth the Group's net revenues by geographic region for the years ended 31 December 2021 and 2020.

NET REVENUES

in Euro thousands and as a percentage of revenues from sales and services	At 31 December 2021	%	At 31 December 2020	%	Changes 2021 vs 2020	
Italy (*)	156,633	13%	137,247	15%	19,386	14%
France (*)	246,856	21%	159,999	17%	86,857	54%
Germany (*)	162,941	14%	130,630	14%	32,311	25%
United Kingdom (*)	99,620	8%	86,992	9%	12,628	15%
Other European countries (*)	231,928	19%	170,156	18%	61,772	36%
NAM (**)	135,098	11%	112,504	12%	22,594	20%
LATAM (***)	40,927	3%	21,408	2%	19,519	91%
APAC (****)	93,196	8%	71,978	8%	21,218	29%
Other countries	29,400	3%	32,734	4%	(3,334)	(10%)
Net revenues	**1,196,599**	**100%**	**923,648**	**100%**	**272,950**	**30%**
Non-core revenues	2,724		4,170		(1,446)	(35%)
Total Revenues	**1,199,323**		**927,818**		**271,505**	**29%**

(*): Europe Area (EU)
(**): North and Central America
(***): South America
(****): Asia Pacific

REVENUES 2021



In 2021, the Group recorded a 29% increase in Total Revenues compared to the previous year; this growth involved all three of the Group's BUs (Retail BU, After Sales BU and Food & Beverage BU) and almost all the geographical areas in which it operates. Credit for this growth can be attributed to: (i) on the one hand, the strong resilience of the commercial refrigeration market, the market in which the Group operates, which starting from the second half of the 2020 financial year already showed signs of a strong recovery that was then consolidated during the 2021 financial year; (ii) on the other hand, the ability shown by the Group to offer its customers integrated, innovative and sustainable solutions, which proved to be successful in obtaining a competitive advantage and strengthening its position on the market.

From the point of view of margins, and therefore of the EBITDA achieved, the year 2021 turned out to be a very positive one for the Group: in fact, the incidence of the same on total Revenues went from 8.1% in 2020 to 11.4% in 2021 (+3.3%).

The following table highlights the Key Balance Sheet Data Indicators for the years ended 31 December 2021, 2020 and 2019.

in Euro thousands, ratios and percentages	At 31 December 2021	At 31 December 2020	At 31 December 2019	Changes 2021 vs 2020		Changes 2020 vs 2019	
Net fixed assets	284,052	279,470	278,670	4,582	1%	800	0%
Net operating working capital	272,838	209,404	235,569	63,434	30%	(26,165)	(11%)
Net working capital	182,164	162,375	197,514	19,789	12%	(35,139)	(18%)
Net working capital / Total Revenues	15.19%	17.10%	20.20%	(1.9%)		(3.10%)	
Net invested capital	421,377	394,135	428,899	27,242	7%	(34,764)	(8%)
Average days of warehouse rotation	66	65	65	1	2%	0	0%
Average collection days for trade receivables	78	79	85	(1)	(1%)	6	7%
Average payment days for trade payables	68	60	68	8	13%	(8)	(12%)
Net financial debt	58,489	80,881	125,234	(22,392)	(28%)	(44,353)	(35%)
Cash Conversion Rate	86.47%	66.50%	74.80%	30%		(11%)	

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

Net Working Capital is a useful unit of measurement for evaluating and monitoring the liquid resources required to meet obligations due. The Company distinguishes between two levels of working capital, namely Net Working Capital, calculated as the algebraic sum of inventories, trade receivables and trade payables, and Net Working Capital, which in addition to the above items also includes other receivables and other current assets, tax receivables, tax payables, other current liabilities, deferred tax assets, deferred tax liabilities and other non-current liabilities. The following table sets forth the ratio of Net Working Capital to Total Revenue for the years ended 31 December 2021, 2020 and 2019.

Euro thousands	At 31 December 2021	At 31 December 2020	At 31 December 2019	Changes 2021 vs 2020	%	Changes 2020 vs 2019	%
Working Capital Net (A)	**182,164**	**162,375**	**197,981**	**20,274**	**13%**	**(35,139)**	**(18%)**
Total Revenues (B)	1,199,280	927,818	980,104	271,462	29%	(52,286)	(5%)
Working Capital Net / Total Revenues (A/B)	**15.19%**	**17.50%**	**20.20%**	**(2%)**		**(3%)**	

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.

Average days in inventory expresses the average time in which inventory is sold during the year expressed in days. For the years ended 31 December 2021, 2020 and 2019, the index is calculated at the end of each month by comparing (i) the inventories recorded at the end of the month under analysis and (ii) the average sales revenue for the last 120 days, multiplied by 120. The arithmetic average of the 12 months making up the financial year represents the indicator for that year.

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

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

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) to (ii) Adjusted EBITDA.

Euro thousands	At 31 December 2021	At 31 December 2020	At 31 December 2019	Changes 2021 vs 2020	%	Changes 2020 vs 2019	%
Adjusted EBITDA (A)	**136,279**	**75,036**	**90,263**	**61,243**	**82.00%**	**(15,226)**	**(24.80%)**
Capex tangible assets (B)	18,443	25,159	22,774	(6,716)	(19.36%)	2,385	10.50%
Cash Conversion [(A-B)/A]	**86.47%**	**66.50%**	**74.80%**	**19.97%**		**(8.30%)**	

Net debt is indicative of the Group's ability to meet its financial obligations. The following table provides details of the composition of net financial debt determined in accordance with CONSOB Communication DEM/6064293 of 28 July 2006 and in accordance with recommendations ESMA/2013/319 and the new guidelines published on 04 March 2021 on the disclosure requirements arising from Regulation 1129, Regulation 979 and Regulation 980, for the years ended 31 December 2021, 2020 and 2019.

(Euro thousands)	31.12.2021	31.12.2020	31.12.2019	Changes 2021 vs 2020	Change % 2021 vs 2020	Changes 2020 vs 2019	Change % 2020 vs 2019
(A) Cash	(72)	(327)	(168)	255	(78%)	(159)	95%
(B) Other cash and cash equivalents	(123,275)	(173,611)	(82,336)	50,335	(29%)	(91,275)	111%
(C) Other current financial assets	(19,437)	(0)	(1,029)	(19,437)	(100%)	1,029	(100%)
(D) Liquidity (A) + (B) + (C)	**(142,785)**	**(173,938)**	**(83,532)**	**31,153**	**(18%)**	**(90,405)**	**108%**
(E) Current financial payables	48,539	29,709	43,086	18,830	63%	(13,376)	(31%)
(F) Current portion of non-current debt	27,882	81,377	16,709	(53,494)	(66%)	64,668	387%
(G) Current financial debt (E) + (F)	**76,421**	**111,086**	**59,795**	**(34,665)**	**(31%)**	**51,291**	**86%**
(H) Net current financial debt (G) - (D)	**(66,363)**	**(62,852)**	**(23,738)**	**(3,512)**	**6%**	**(39,114)**	**165%**
(I) Non-current debt (excluding current portion and debt instruments)	78,419	99,372	102,542	(20,953)	(21%)	(3,170)	(3%)
(J) Debt instruments	46,433	44,360	46,430	2,073	5%	(2,070)	(4%)
(K) Trade payables and other non-current payables	-	-	-	-	-	-	-
(L) Non-current financial debt (I) + (J) + (K)	**124,852**	**143,732**	**148,972**	**(18,880)**	**(13%)**	**(5,240)**	**(4%)**
(M) Total financial debt (H) + (L)	**58,489**	**80,880**	**125,234**	**(22,391)**	**(28%)**	**(44,354)**	**(35%)**

The Group's financial structure remains very solid with Euro 58.5 million of net debt, representing around 43% of EBITDA and around 16% of the Debt Ratio. It means that Epta has been able to finance its investments with cash flow produced by its operations. This was also achieved thanks to actions to optimize working capital, with a ratio of working capital to revenues that fell by over 2 percentage points despite the increase in inventories carried out to counteract the possible negative effects of the complexity of the logistics chain. The reduction in medium/long-term payables is linked to the repayment plan for bank loans.

Consolidated net debt includes under "Debt Instruments" for approximately Euro 46 million, bonds finalized on 10 March 2016 and on 18 April 2019 through the placement of securities with Pricoa Capital Group - a company of the US Prudential Financial Group (a company active in the private placement market). The latest issuance (in USD) is related to the acquisition of US-based Kysor Warren, which was completed on 29 March 2019. The placement agreement provides for the possibility of placing additional bond issues, up to a total amount of USD 120 million (or Euro equivalent).

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

FINANCIAL INDICATORS

	31.12.2021	31.12.2020
Total non-current assets	319,760	313,911
Total assets	956,010	864,444
Weight of fixed assets	**33.4%**	**36.3%**
Total current assets	636,250	550,532
Total assets	956,010	864,444
Weight of working capital	**66.6%**	**63.7%**
Total shareholders' equity	338,071	308,459
Total liabilities and shareholders' equity	956,010	864,444
Weight of equity	**35.4%**	**35.7%**
Total liabilities	617,939	555,984
Total liabilities and shareholders' equity	956,010	864,444
Weight of minorities' capital	**64.6%**	**64.3%**
Total current assets	636,250	550,532
Total current liabilities	399,451	326,553
Availability Index	**159.3%**	**168.6%**
Cash and cash equivalents and short-term deposits	148,643	128,220
Total current liabilities	399,451	326,553
Liquidity index	**37.2%**	**39.3%**
Total shareholders' equity	337,801	308,459
Total non-current assets	319,490	313,911
Fixed asset coverage index	**105.7%**	**98.3%**

ECONOMIC INDICATORS

	31.12.2021	31.12.2020
Consolidated net result	61,108	19,364
Total shareholders' equity	338,071	308,459
Return on equity	**18.1%**	**6.3%**
Operating result	92,747	35,924
Amortization/depreciation	36,365	37,251
Provisions/Releases	1,866	1,896
Gross Operating Margin	**130,978**	**75,071**
Operating result	92,747	35,924
Operating invested capital	421,445	394,385
Return on investment	**22.0%**	**9.1%**
Operating result	92,747	35,924
Sales	1,177,199	907,774
Sales profitability	**7.9%**	**4.0%**

3.3.5 Analysis of the performance of Group companies

Epta Iberia S.A.U. - Spain
It carries out activities of distribution of the Group's products, installation of equipment and service in Spain. In 2021, it generated revenues of approximately Euro 45 million.

Epta France S.A.S. - France
It carries out the production and marketing in France and abroad of the Group's products, as well as installation and service activities. In 2021, it generated revenues of approximately Euro 267 million.

Epta Deutschland GmbH - Germany
It carries out the marketing of the Group's products and service activities (installation and after-sales) in Germany. In 2021, it generated revenues of approximately Euro 158 million.

Epta International Kft - Hungary
This is a commercial company that deals with commercial development in areas not directly covered by other Group companies and in particular in Central Europe and the Middle East, developing new customers and new market areas and carrying out service activities (installation and after-sales). It generated revenues of Euro 108 million.

Epta UK Ltd - United Kingdom
Conducts manufacturing and marketing of George Barker branded products in the United Kingdom. In 2021, it generated revenues of Euro 53 million. At the end of 2021, the merger of the Epta George Barker Group's UK operations into Epta began, which will result in corporate simplification.

Epta Cold Service Ltd - United Kingdom
It carries out service activities (installation and after-sales) for the local English market, in the southern area of the country. In 2021, it generated revenues of approximately Euro 52 million.

Knudsen Køling A.S. - Denmark
Acquired in 2015, it performs sales and service activities (installation and after-sales) for the local Danish market. In 2021, it generated revenues of Euro 22 million.

DAAS Impex Srl - Romania
Acquired in 2019, it operates in the commercial, industrial and Ho.Re.Ca. refrigeration industry. In 2021, it developed a turnover of about Euro 43 million.

Eurocold - Portugal
It was acquired in December of this year; with its head office in Porto and branches in Lisbon and Portimão, it is a major player thanks to its consolidated partnerships with the major supermarket chains, and is also active in Morocco and the Azores.

Epta Istanbul Soğutma Sistemleri San.Tic.Ltd.Şti. - Turkey
It carries out the production of refrigerated counters for the local and neighbouring markets, as well as for other Group companies. In 2021, it generated revenues of approximately Euro 12 million.

Epta (Qingdao) Retail Equipment Co. - China
It manufactures and markets refrigerated counters in the Chinese and south-east Asian markets. In 2021, it generated revenues of approximately Euro 35 million.

Epta Asia Pte Ltd. - Singapore
It carries out marketing of the Group's products and services (installation and after-sales) for the local Singaporean market, as well as business development activities in the Far East not covered directly by other Group companies, developing new customers and new market areas. In 2021, 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 2021, it generated revenues of approximately Euro 23 million.

Epta Argentina S.A. - Argentina
It carries out the production and marketing of the Group's products in South America, as well as service (installation and after-sales). In 2021, it generated revenues of Euro 24 million. It should be noted that at fiscal year 2018, Argentina has been included in the countries considered hyper-inflationary economies, in line with the provisions of IAS 29.

Epta Chile S.A.- Chile
It carries out marketing and installation activities for the Group's products in South America. In 2021, it generated revenues of Euro 21 million, up from the previous year. The company includes the balances of Sociedad Ingeniería y Mantención VPP Limitada, a Chilean company acquired during the year, a market leader in Chile, specializing in the engineering, installation and maintenance of refrigeration systems for the retail sector, as well as the rental and sale of refrigerated units and spare parts.

Kysor Warren Epta US Corporation - USA
Acquired in 2019, it carries out the activities of manufacturing and marketing of the Group's products, as well as service (installation and after-sales). In 2021, it generated revenues of Euro 98 million.

Kysor Warren de Mexico S. De R. L. De C.V. - Mexico
Acquired together with Kysor Warren USA in 2019, it carries out the marketing of the Group's products in Central

America, as well as service (installation and after-sales, through its subsidiary Kysor Warren Mexico Services). In 2021, it generated total revenues of Euro 41 million.

The following companies carry out installation and after-sales activities with individual turnovers of less than Euro 15 million and overall sales of Euro 66 million.

- Iarp France S.a.s. - France
- Epta Austria GmbH - Austria
- Epta Polska sp.z.o.o. - Poland
- Epta Suomi O.y. - Finland - 90% owned by the group
- Epta Istanbul Pazarlama San.Tic.Ltd.Ş̧ti - Turkey
- Epta Technical Services UAE LLC - United Arab Emirates
- Epta Technical Services Ryhadh Llc - Saudi Arabia
- Epta Australia PTY Ltd - Australia
- Epta Refrigeration Philippines Inc - Philippines
- 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

The following companies are subholdings or non-operating companies:

Epta Rack S.A. - France - Non-operational
Owns a property partially leased to a third party, which is recorded in investment properties.

Epta Suisse A.G. - Switzerland - Non-operational

Epta Service Uk Ltd. - United Kingdom - Sub-holding
Holds Epta Cold Service LTD.

Epta Refrigeration Denmark ApS - Denmark - Sub-holding
Holds Knudsen Køling.

Epta Norway AS - Norway - Non-operational

Epta Refrigeration Romania Srl - Romania - Sub-holding
Holds DAAS Impex srl.

Epta Refrigeration (M) Snd Bhd - Malaysia - Non-operating

3.3.7 Economic value generated and distributed to stakeholders

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

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

In 2021, the economic value generated amounted to Euro 1,199,944 thousand.
Of these, the economic value retained by the company amounted to Euro 61,107 thousand. The distributed economic value amounted to Euro 1,099,193 thousand and is divided between the following stakeholders:

- operating costs account for the main share, amounting to Euro 769,207 thousand;
- approximately Euro 299,139 thousand were distributed to employees, primarily regarding wages, salaries, social security and welfare expenses;
- Euro 26,559 thousand was paid to the Public Administration for direct and indirect taxes;
- Euro 4,289 thousand was paid to lenders in the form of interest and commissions, financial expenses and operating foreign exchange differences.

ADDED VALUE	2021	2020
Revenues	1,177,199	907,774
Other income	22,125	20,043
Financial income	619	638
Total economic value generated	**1,199,942**	**928,455**
Operating costs	769,207	602,903
Remuneration of personnel	299,139	249,843
Remuneration of lenders	4,289	5,587
Remuneration of the Public Administration*	26,559	8,415
Total economic value distributed	**1,099,193**	**866,749**
Bad debts	2,871	2,118
Unrealized exchange rate differences	1,411	3,195
Amortization/depreciation	36,365	37,251
(Provisions) / Release of provisions	1,005	222
Total economic value	**61,108**	**19,364**

(*): also includes deferred taxes.

3.3.8 Transactions with related parties

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

3.3.9 Other information

At 31 December 2021, the Parent Company holds 1,515,000 treasury shares with a par value of Euro 1 plus share premium.

At the same date, the Parent Company did not hold any shares in the Parent Company, either directly or through fiduciary companies or proxies.

3.3.10 Business outlook

Operating information available subsequent to 31 December 2021 shows a trend in revenues, costs and net financial position for the current year in line with the 2022-2025 business plan approved by the Parent Company's Board of Directors.

In terms of production, at the date of approval of the financial statements, the Group has not experienced any particular problems in terms of the continuity of operations at its production plants. The geographical diversification of activities and the size of the warehouse meant that the Group did not have any particular problems with regard to procurement flows. As already mentioned, at supply market level the upward trend in energy and certain raw material prices, especially steel, continues. A continuation of this trend in the coming months cannot be ruled out, with a consequent increase in supply prices.

The year 2022 began with particular volatility in the financial markets, with all exchanges reporting negative trends compared to the end of 2021. In Italy at the end of January, elections were held for the President of the Republic, with the outgoing President being reappointed, which saw an appreciation of the financial markets.

On the geopolitical front, particular attention must be paid to the Russia-Ukraine issue, given that the evolution of the current conflict could lead to an increase in tension between Russia, on the one hand, and the European Union, the United States of America and NATO, on the other, with negative repercussions on the global economy and on the performance of financial markets.

Regarding the situation related to the Covid-19 pandemic, the overall epidemiological situation remains characterized by a high degree of uncertainty, although in almost all European countries it seems that the peak of the so-called "fourth wave" has been reached. In this regard, it should be noted that at the date of approval of the Financial Statements, part of the workforce not assigned to production activities or service activities at customer sites is working in smart working mode.

At the moment, it is not possible to predict the evolution of the spread of the Covid-19 virus nor the duration and intensity of the restrictive measures aimed at containing it and therefore it is not possible to foresee the consequent negative effects on the financial markets and on economic activities at a domestic and global level, nor is there any guarantee that the Group will be able in the future to counteract its effects or the impact on its operations and results. However, should there be subsequent waves of Covid-19 or other infectious disease outbreaks, national authorities could reinstate stringent restrictive measures in whole or in part, resulting in further negative effects on financial markets and the global economy. These restrictive measures could also entail the temporary closure of Group production facilities and lead to delays in the supply of raw materials and components, thus making it impossible to meet the delivery deadlines agreed with customers. Any restrictive measures could also result in the failure to take delivery of products ready for delivery, thereby entailing a lack of invoicing with a negative effect on the Group's operating margins and a worsening of net debt.

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

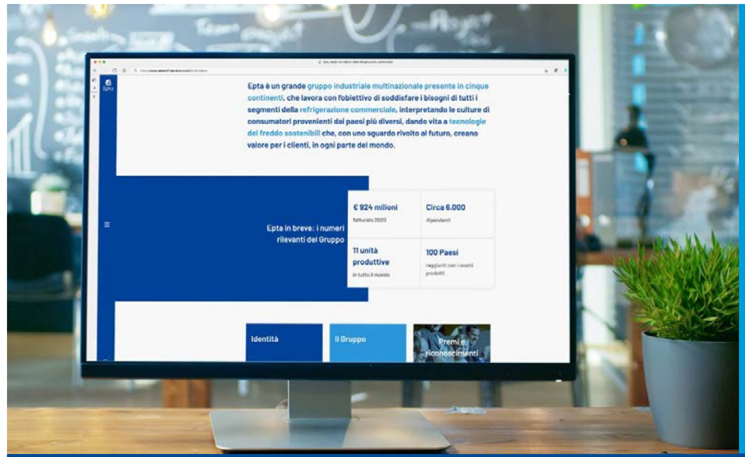
3.4 Relational and Social Capital

17 PARTNERSHIPS FOR THE GOALS

3.4.1 Communication strategies and channels

The Epta Group's international presence continues to grow: for this reason, a global vision capable of embracing the various corporate identities is essential, but it is equally necessary to make full use of diversity within each individual company or geographical area.

This means understanding the culture and needs of each country in which Epta operates and, at the same time, sharing and disseminating a unified approach to ensure a consistent and strong message.



In order to speak to an increasingly wide audience of stakeholders, we decided to renew the corporate website, which is now not only the official presentation of the group but also the gateway to the entire Epta world, thanks to a redesign of the area dedicated to the offer that guides the visitor through the different markets in which we operate, such as Retail, Food & Beverage, Ho.re.ca and Industrial, offering a complete and clear overview of the products and services available.

The Epta website has the task of orienting the visitor in the markets in which we operate

The new portal is also the hub for landing on the websites dedicated to the group's main companies, such as Epta Deutschland, Epta France, Epta Asia Pacific and Epta UK. These 'local' sites have the task of better detailing the local offer and highlighting individual specificities. Alternatively - again from the corporate website - it will be possible to explore the details of the product catalogs of the Group's main brands such as Costan, Bonnet Névé, Eurocryor, Misa, Iarp and Kysor Warren.

In defining the communication channels to be developed with its stakeholders, digital has always represented a strategic key for Epta in order to offer fulfilling experiences and complete information anywhere and at any time. The technological revolution that has made the group's product offerings evolve has been a fundamental lever in the world of communication and the organization of events and trade fairs for at least ten years.
Over the past two years, almost **80% of the group's websites have been revamped** in terms of user experience and graphics, offering the end user an easier and more intuitive navigation. The strength of digital communication lies in the possibility of making almost any type of material or information available without constraints of place or time, to any type of user: for this reason at Epta, in addition to traditional websites, we have also developed native apps for iOS and Android with product catalogs, downloadable both by staff and by customers or external partners, each with a dedicated profile offering content tailored to their needs.
In addition, to better support its customers, Epta Service has created a platform that allows users to easily identify and order most of the spare part codes for which delivery is guaranteed in 24/48 hours thanks to a modern centralized warehouse.
Last created is the new e-commerce portal dedicated to the Iarp brand that offers an additional purchasing channel to the customers of Food&Beverage and Ho.Re.Ca world for an easy and fast purchase.

Epta trade shows and events in 2021: a Phygital mix

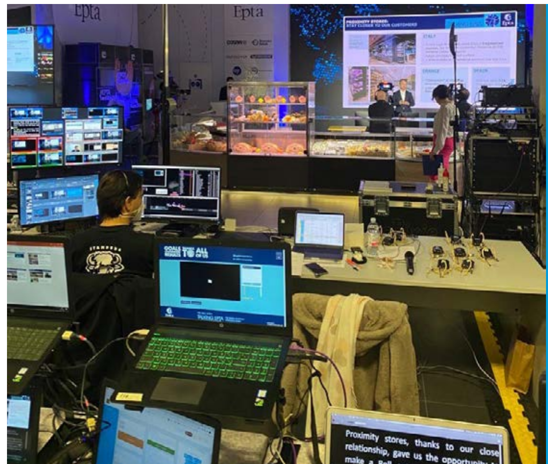
Following the continuation of the health emergency, trade fairs and events - which have always been the highlight of 'live' meetings and exchanges - have been redesigned, upsetting the habits of their users, trying to integrate physical and virtual experiences to give life to new hybrid solutions. After a period of standstill of all the events, with sporadic cases of online editions, in September 2021, in-person appointments have restarted gathering the enthusiasm of visitors and organizers: the attendance data of the various trade fair events show a drastic drop (on average 30%) but, a deeper analysis shows a strong targeting of visitors who choose to attend an event only if they are really interested. In a business-to-business sector such as the one in which we operate, the result is a high quality sales force/potential customer meeting moment (well cared for reception, more time available for presentations and negotiations), with extremely encouraging percentages of the number of contacts collected.

The most satisfying data were collected at Refrigera2021, a local Italian trade fair dedicated to technical refrigeration and all related services: the depth of audience segmentation made the success evident. Host2021, the international fair dedicated to the world of Ho.Re.Ca., had a different outcome.

Epta at Host, October 2021

Epta at Refrigera Show, November 2021

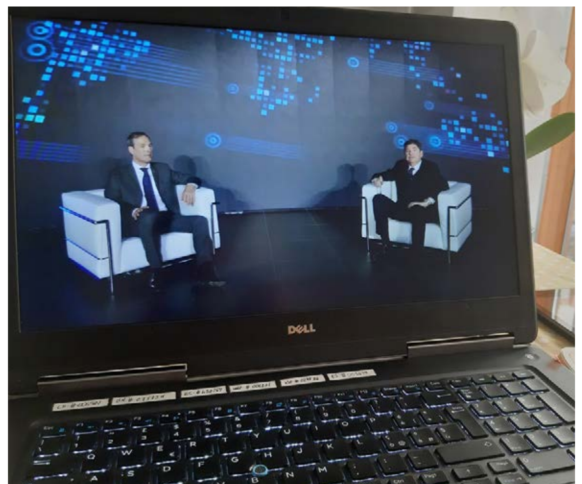
The performance of the hospitality sector (strongly affected by the health emergency) together with the wide international scope of the event (difficult to emulate given the restrictions applied to international travel) had a strong impact on attendance figures and the number of contacts collected.



To overcome this type of problem, Epta has chosen the phygital method for its internal and external international events (with speakers present and the public connected via streaming), inaugurating its own format, Talking Epta: a new method which, like a TV show, presents the most topical issues with presentations in person, remote connections and journalistic-style video reports.

Talking Epta, live streamed to over 500 Epta people

Life-C4R Closing Event, implemented in hybrid mode. July 2021



Talking Epta, live streaming

The same format was also used to manage the closing event of the Life-C4R natural refrigeration project, supported by the European Union, which was streamed live on 1 July 2021, complete with simultaneous translations in the program's four official languages (English, Italian, Spanish and Romanian).

The Group has flanked its participation in the most important trade fairs in the sector with attendance at the main technical conferences on the subject of commercial refrigeration.

Epta participated as a Gold Sponsor in ATMO Europe Summit on 28 and 29 September 2021. Dedicated to specialists in the HVACR sector, the two-day event is an essential appointment to learn more - together with over 500 experts from Europe, the Middle East and Africa - about the latest innovations in natural refrigerant systems.
The event was an opportunity to present the collaboration project between Epta and Red Bull during a speech on "*The path towards carbon neutrality in the Food & Beverage sector: the example of Red Bull*". Strengthened by a long-standing partnership, based on shared values of sustainability and commitment to a responsible approach, Iarp and Red Bull contribute, in fact, to the evolution of the plug-in bank market.

Under the Kysor Warren brand, Epta was a Gold Sponsor of the 10th annual ATMO America Summit, the conference dedicated to natural refrigeration that took place online 03 November 2021. An event that brought together experts, policy makers and end users in the HVAC&R sector to take stock of the latest developments, keep abreast of market trends and witness the presentation of cutting-edge projects, while waiting to meet again in person at the physical version of the event, scheduled for June 2022.

3.4.2 Service quality, customer relations and complaint management

Satisfied customers find the right solution to their problem: ideally, it is necessary to intercept their needs even before they are aware of them; then, maintaining an open relationship and continuous listening is the key to creating a profitable and lasting collaboration. The issue of listening is the basis of the relationship that binds us to our customers: to this end, we are working to implement a shared system and a structured way to collect the so-called voice of the customer, i.e. the customer experience, so as to further improve the service offered. On some institutional occasions, such as the largest international trade fairs, we have implemented customer survey systems that have returned wide-ranging feedback on Epta, useful for the continuous improvement of the brand and our range of products and services, while various initiatives for monitoring post-installation customer satisfaction are active locally.

The year 2021 saw the start of a massive project to introduce a **Customer Relationship Management** system that can support all areas of the company in better and more effective management of information relating to current customers and potential new contacts.
The initiative is organized in various steps: after an initial phase spread over a wide geographical area and dedicated to the identification of all the characteristics that a CRM must have for Epta, we moved on to the actual introduction of the system, involving different countries at different times.
The project has been structured in such a way as to flank the design, development and adoption of CRM with a change management activity, with the aim of preparing the new users of the system for this change, training them and supporting them in the most appropriate way. In this regard, the change agents, identified for each country involved in the roll-out with the task of supporting and facilitating colleagues in the adoption of CRM, have been of great importance. In addition, the introduction of each function was accompanied by internal training provided by the so-called key users, "experts" in the individual activities (Marketing, Sales and After Sales) and a technical reference point for the various CRM processes.

3.4.3 Relations with public institutions and the community

For Epta, the creation of shared value is a daily commitment that extends throughout the supply chain and also embraces the people and local communities of the areas in which it operates, and where it is known thanks to its factories and offices. People are in fact the pillars on which the Group intends to build its future history: social responsibility therefore does not end with initiatives in favour of employees, but also includes numerous projects that strengthen the close link between Epta and the local area, under the banner of the values of environmental protection, cultural heritage and attention to the well-being of the community.

CULTURAL AND ENVIRONMENTAL INITIATIVES AND COLLABORATIONS

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

Fondo Ambiente Italiano (Italian Environment Fund)

Since 2015, the Epta Group has been committed as a Corporate Golden Donor of FAI - Fondo Ambiente Italiano - in safeguarding the national heritage. An initiative that finds its highest expression in the artistic and architectural recovery of the Abbey of San Fruttuoso in Camogli (GE) and that now continues with the support plan for Villa dei Vescovi, a historic building inspired by the themes of classicism located in Torreglia (PD).

FAI

Reforestation Val Visdende

Epta supports the Veneto region's reforestation project for Val Visdende, one of the areas hardest hit by storm Vaia in 2018. Thanks to the Group's contribution, 18,000 trees will be planted and cared for by local inhabitants who are currently without employment, contributing to the return of the area, where Epta is known thanks to its Costan brand, to its full splendour.


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


Epta supports the reforestation of Val Visdende


San Fruttuoso Abbey in Camogli (GE), FAI property to the restoration of which the Nocivelli family contributed

We also support projects and initiatives aimed at training and enhancing the value of young people, increasing their technical skills (but not only), to support them in entering the labour market.

In 2021, new collaborations have begun with the Istituto Salesiano Manfredini in Este, in the province of Padua, near the Epta plant in Solesino, and with the new initiative for the Belluno area for the generations of the future, in collaboration with Treccani, with the aim of offering students from all the high schools in the area more general training oriented towards new technologies and entrepreneurship.

Partnerships continue with the Training Center for Refrigeration Technicians in Magenta, together with the ASLAM school in France, near the Hendaye headquarters, and with the Cantau Epta School 4.0 project to train the refrigeration technicians of the future. (ref. p. 94)

3.4.4 Awards and recognition

Quality and excellence have always been a must at Epta, as has its commitment to responsible social progress. Concrete values that have produced important recognitions in 2021, such as the nomination for the third consecutive year as Best Italian Managed Company. As part of the program promoted by **Deloitte**, this award is dedicated to Italian companies that, thanks to their organizational success and their attention to social responsibility, generate a positive impact on the ecosystem in which they operate.

Epta was also selected among the European Climate Leaders 2021 in the study signed by the **Financial Times** and the analysis company Statista, which also awarded the Group the 2021 Sustainability Leader in Italy.

Finally, Epta in 2021 was also awarded the High Budget Honour of the **Felix Industry** Award for performance in management and financial reliability.

Epta brand solutions have a centuries-old tradition and have won numerous awards, also at an international level. Among the most recent were the 2021 edition of the prestigious Janus de l'Industrie in France with the Eurocryor Visualis showcase, which also enabled Epta to once again receive the SMART Label from Host in Italy. In Germany, the prestigious German Design Award was won for the second time, awarded in 2021 to the OutFit family under the Costan brand and Mozaïk under the Bonnet Névé brand in the Excellent Product Design - Retail category.

In addition, thanks to the Velvet Costan and Shape Bonnet Névé serve-over showcase of these ranges, Epta has once again been included in the ADI Design Index 2020, the annual publication of **ADI** (Associazione per il Disegno Industriale), which presents a selection of the best projects capable of embodying the value and quality typical of Made in Italy.

Marco Nocivelli receives for the 3rd time the "Best Managed Companies" award from Deloitte

Listed below, by category, are the main awards obtained by Epta in recent years.

Environment

- **EUROPEAN CLIMATE LEADER 2021:** Epta is among the 10 Italian companies to be selected among the European Climate Leaders 2021 in the study signed by the Financial Times and the analysis company Statista.
- **PERIFEM AWARD 2018:** The Epta FTE System receives the award instituted by Perifem, the French association of retail technical manufacturers, in the Energy/Environment category (Energie/Environnement).
- **AWARD FOR SUSTAINABLE DEVELOPMENT 2018:** The Epta FTE System receives the award intended for the most deserving Italian companies in the field of green economy.
- **GERMAN REFRIGERATION AWARD 2018:** The Epta FTE System takes first prize in the "Refrigeration & Air Conditioning Innovation" category. The award, presented by Federal Minister for the Environment, Nature Conservation and Nuclear Safety, Svenja Schulze is intended to promote the development of innovative and energy-efficient HVACR technologies.
- **RAC COOLING INDUSTRY AWARDS 2017, 2016, 2014, 2009, 2007, 2006:** prestigious reference event in the refrigeration and air conditioning industry.
- **LEGAMBIENTE 2016:** Good Practices Award for Renewable Energies and Sustainable Mobility won by the Epta group for its solutions that enable the creation of totally green points of sale.
- **ECOCARE 2014:** Epta is awarded in the "Project" category for the eco-sustainability of its production site in Limana (BL).

Design

- **SMART LABEL 2021, 2019, 2017:** award conferred by Host Fiera Milano and POLI.design to the most innovative products and companies of the Ho.Re.Ca. and Retail sector. Won with Visualis Eurocryor in 2021, Iarp's Glee IoT in 2019 and with Epta and Electrolux Restaur-action in retail corners in 2017.
- **GERMAN DESIGN AWARD 2020, 2016:** The award is given by the German Design council, a body established on the initiative of the Deutsche Bundestag of the German Parliament in 1953 to highlight innovations that generate added value for brands in terms of design. Awarded in 2020 to Velvet Costan and in 2016 to RevUP Family Costan.
- **RETAIL INSTITUTE AWARD ITALY 2018, 2017:** The most important contest dedicated to excellence in Retail Marketing and POP organized by the Retail Institute Italy, one of the best known Italian marketing and retail associations, won by Epta with the projects Bennet Smart Lecco (2018) and Restaur-action in retail corner (2017)

Business Excellence

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

3.5 Human Capital

3.5.1 Personnel Policies

Consideration for the people within the Group and the quality of a shared professional life are concepts on which Epta bases its present and future. The vocation of our company is to enhance the experience of human resources, respecting interpersonal differences, building cooperation and networks between individuals.

During 2021, the Human Resources department focused on attracting new resources to deal with an order book that required additional employees to be included in both the production and administrative/management areas.
In addition, we have once again renewed our commitment to young people and the enhancement of the area where we operate by creating initiatives aimed at students of high schools and technical institutes, designed to build a stronger bridge between school and business.

In line with previous years, we have continued to invest in the design of training courses both of a technical nature and relating to the development of soft skills, designed specifically for our needs with the valid support of internal resources and/or external trainers.

The '**Epta School of Operations**' and '**Epta School of Sales**' have been enriched with additional modules and many cross-cutting courses have been added to the catalog.

In the pandemic context that for the past two years has severely limited the possibility of delivering training courses in presence, the use of remote mode has allowed colleagues to take advantage of courses with e-learning solutions and/or synchronous courses managed through the company collaboration platform.

Also during 2021, we continued with the succession planning project and expanded it to include the APAC, NAFTA and LATAM regions. Our goal is to identify internal resources to fill key positions.

The year that has just ended led to important organizational changes both at Top Management level and in the underlying structures: the selection process primarily involved internal candidates without, however, neglecting the attraction of specific figures on the job market.

The consequences of the COVID-19 health emergency continue to have significant repercussions on the entire organizational fabric of the Company. All Epta structures, in all the regions of the world in which we operate, have been put to the test again and have sustained an extraordinary commitment aimed at guaranteeing the best possible safety standards for the Group's personnel and, in general, for all those who have had dealings with Epta during this difficult period of time. The numerous inspections to which we have been subjected by local health authorities have always had a positive outcome, highlighting the absolute best practice value of the various actions introduced.

After having extended its hybrid working policy to all Italian employees during 2020, during 2021 we intervened to restructure the Milan offices (Group headquarters). The employee experience, in fact, is not only part of recruiting and onboarding phases, but permeates the entire corporate life of the employee. Therefore, it becomes crucial to generate an experience based on a system of interactions between the work ecosystem and employees. Smart offices like the one in Milan help to strengthen the sense of belonging and to spread the values of the corporate culture.

3.5.2 Composition and characteristics

Among Epta vocations, the ability to enhance the experience of human resources is fundamental, respecting interpersonal differences, building cooperation and networks between individuals.

We have shared at all levels our Leadership Model which is aimed at highlighting the values, skills and conduct of which Top Management is an ambassador and sponsor. This is the reference point that inspires all employees in the development of skills, attitudes and values, thus contributing to the growth of the company.

We also strive every day to offer safety, training and growth opportunities to all those who work within our companies: **90% of our total workforce is covered by collective bargaining agreements**.

TYPE	Men		Women	
	Full time	Part time	Full time	Part time
Manager	272	1	36	0
White collars	1,159	6	537	37
Blue collars	2,840	14	536	47

CONTRACT	Men		Women	
	Full time	Part time	Full time	Part time
Permanent	3,640	20	934	84
Fixed-term	163	1	58	0
Interim	464	0	121	0

ORIGIN	Men		Women	
	Full time	Part time	Full time	Part time
Same province	3,433	21	924	71
Other province	334	0	100	2
Other state	120	0	14	0

Note: The above data is for all manufacturing sites and major business organizations.

3.5.3 Workforce and labour costs

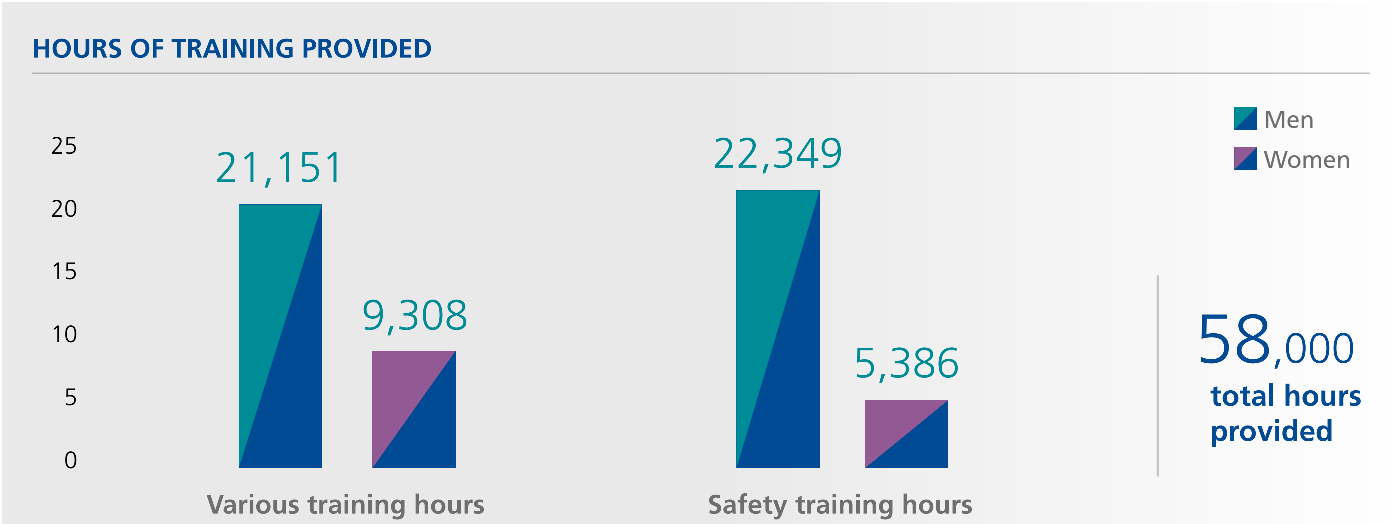
The Group's point-in-time headcount at 31 December 2021 is 6,390. The breakdown by workforce category is as follows:

Managers and White Collars	2,620
- of which interim	49
Blue Collars	3,770
- of which interim	483
Total	**6,390**
- of which interim	**532**

Labour costs increased from Euro 249,843 in 2020 to Euro 299,139 recorded in 2021. The increase is due both to the growth in the workforce and to the fact that in 2020, due to the health emergency, we used the social shock absorbers in support of companies set up by the governments of various countries to deal with the economic consequences of the emergency itself: this has led to an overall cost, in 2020, consistently lower than that which we would normally have recorded, clearly increasing the gap compared to 2021, when the use of the aforementioned shock absorbers was close to zero.

3.5.4 Training

In the awareness that training and development of people are fundamental for working every day in the pursuit of excellence, Epta offers an articulated training and growth program for all employees.
During 2021, we delivered **more than 58,000 hours of training across all of our sites**, whether manufacturing companies or sales offices, through a rich portfolio of activities.
Many of these training moments were developed internally, asking more experienced colleagues to take on the role of trainers. The result of sharing knowledge is certainly a greater involvement of participants, which is facilitated and more effective thanks to the added value that only internal trainers can transfer.



- **Epta School of Operations** and **Epta School of Sales** are the two projects for the creation of schools dedicated to strengthening, respectively, the specific skills of the Operation and Sales departments.
- With the **Epta UK CO_2** Training Centre, thanks to the experience gained in the field, we provide training courses for professionals within the Group and external specialists in the sector on the use of CO_2, the natural refrigerant which, thanks to its low environmental impact, is becoming widespread throughout the world, requiring specialized expertise and skills.

We also collaborate with the best schools, universities and specialized institutes in the world to be able to offer employees the most up-to-date training programs.

- **SDA Bocconi School of Management**
  Prestigious international business school based in Milan and partner of Epta for the creation of its pocket MBA EptAcademy and specific training programs.
- **Commercial Excellence Lab of SDA Bocconi**
  The only Italian knowledge center focused on excellence in business, the result of collaboration between the academic world and companies, of which Epta has been a partner since 2021.
- **LUISS Business School**
  Among the top 150 in international management training, it is a partner of Epta for the creation of a Hub in Belluno for the enhancement of talent and professional figures in the area.
- **Training Institute ESTIA**
  International engineering training school based in France that collaborates with the group to provide specific training courses.

Training of teachers at the Salesian Institute Manfredini


Inauguration of EptaSchool 4.0 in France

Projects for the new generations

The inspiration to innovate originates from knowledge: for this reason we support projects and initiatives aimed at training and enhancing the value of young people, both female and male, increasing their technical skills, supporting them in entering the labour market.

Manfredini Salesian Institute - Este (Padua)
We have contributed to the creation of a cold school at the Salesian Institute Manfredini in Este (PV). This collaboration has resulted in a **course of study dedicated to the training of refrigeration technicians of the future** and the creation of an Industry 4.0 mechatronic refrigeration laboratory.

Training Center Refrigeration - Magenta (Milan)
We opened in 2019, together with the associations Assocold and Assofrigoristi, the **first school laboratory of refrigeration in Italy for the training of future refrigeration technicians according to UNI EN 13313**, as well as the first school in Europe where an entire small store equipped with the innovative transcritical CO_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 branch, the Lycée polyvalent Cantau, together with SEPCO Association of installers-refrigerators of Bayonne and DANFOSS, have contributed to the creation of the **Cantau EptaSchool 4.0**, which aims to become a **reference point**, throughout France, for the **commercial and industrial refrigeration** supply chain.

Future, Innovation and Entrepreneurship
We support Treccani Scuola, in collaboration with Confindustria Belluno Dolomiti and other companies in the area, in the creation of a modular training program aimed at high school students in the Belluno area. This is a **path to acquire transversal skills and orientation to work** that will address issues such as automation, lean manufacturing and sustainability, combining a frontal and theoretical part and a practical one.

DAAS Academy: the future begins today
Initiative that comes from the partnership between DAAS, the Technological High School 'Elie Radu' of Ploieşti and the territorial administrative unit and is a project dedicated to training to become **refrigeration technician**. The program kicked off in 2019 and is celebrating a double milestone this year: **July will see the graduation of the first 15 "Frigotechnists"** in the country, and the fellows will have the opportunity to join the DAAS team and thus embark on a career in refrigeration.


DAAS Academy Students

3.5.5 Health and Safety

The management of safety and hygiene aspects in the workplace is one of the cornerstones of our corporate strategies.

Annually we identify the improvement objectives that are then constantly monitored to assess the degree of achievement of the defined performance and, in case of deviations, to take the necessary actions aimed at directing the process of continuous improvement towards the predetermined goal.

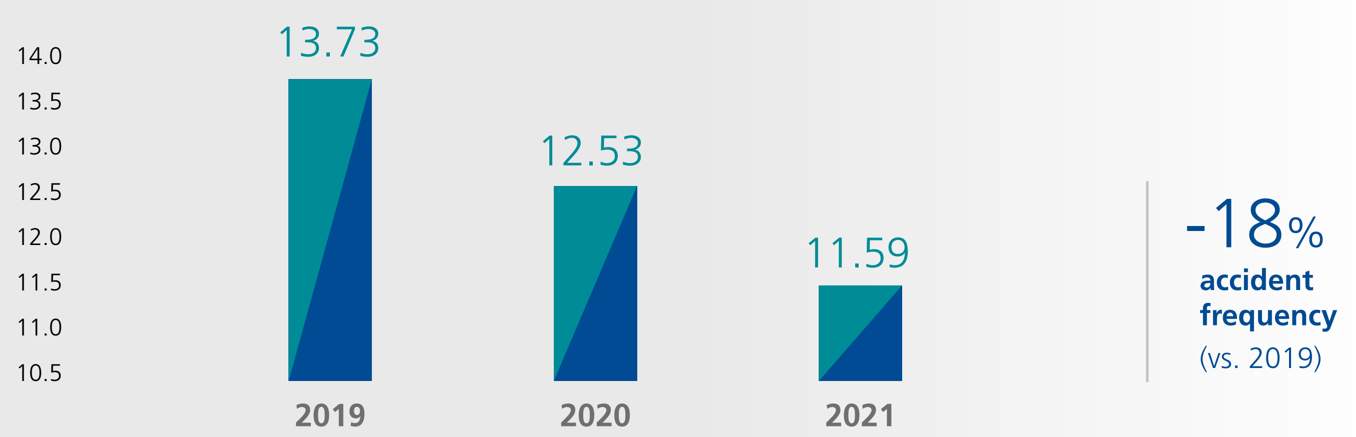
A path of continuous improvement that we are following with the involvement of the staff and their representatives: on this involvement we have laid the foundations to activate the research of plants and equipment equipped with the latest technological devices available on the market to raise the standards of protection of the operators.

Not only that, but also the application of new technologies determines a fallout on safety aspects: in fact, automation allows to relieve operators from tasks that may require a high physical intensity, thus determining an improvement of working environments with particular reference to ergonomics.


We implement all necessary procedures within our facilities to ensure employee safety

All of this results in a reduction in the Accident Frequency Index (the ratio of the number of accidents to the number of hours worked), which in our production sites, where it is more likely to be involved in traumatic events, has fallen over the last three years from 13.73 recorded in 2019, to 11.59 in 2021, a contraction of more than 18 percentage points.

ACCIDENT FREQUENCY INDEX



Note: the data refers only to manufacturing sites as these are where almost all events occur.

3.5.6 Remuneration system

Since 2019, the Company has launched a Long-Term Incentive Plan based on an incentive model that introduces an economic variable, related to the creation of value for the Company and its Shareholders, measured on the data of the approved Consolidated Financial Statements.

The Plan provides for a method of granting options free of charge to the beneficiaries, a selected and restricted group of Executives and Managers. For each exercise of the Plan (2019-2022), a certain number of options exercisable on the basis of criteria set out within the regulations will be granted. If the options are exercised, the Plan provides for a cross put/call mechanism that therefore allow the Company to settle in cash the difference between the exercise price determined on the grant date and the price per share determined on the date the options are exercised.

As for the previous incentive plans, the instrument guarantees economic benefits of a "rolling" type, and maintains the requirements aimed at pursuing the loyalty of the participants.

3.5.7 Corporate welfare and organizational well-being

Epta has been involved for several years in the development of company welfare plans and, more generally, of initiatives that can support an improvement in the organisational climate, the quality of life of employees and company performance. Underlying these initiatives is the belief that the use of corporate welfare can facilitate an improvement in the corporate climate and, ultimately, in productivity itself.

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

It should also be pointed out that company welfare, particularly in Italy, was born as a means of support for employees, since it is a tool characterized by the presence of clear fiscal and contributory advantages in favor of both the company and the employees, offering the latter a higher level of expendability at the same company cost.

In this context, all employees of the parent company have at their disposal a platform dedicated to corporate welfare, through which a provider makes available a system for the acquisition of goods and services, whose portfolio of individual economic availability is fed by three main sources:

- welfare payments provided for by the national collective labour agreement for the category;
- additional top-down disbursement (sometimes unrelated to business results, sometimes related to them);
- possibility of transforming part of the collective variable bonus into welfare.

Employees may propose agreements with merchants offering goods or services as the platform can be continually shaped by adding or changing locally identified contracted companies.

An integral part of the corporate welfare plan for Italy, "**Epta Health Challenge**" is the initiative that promotes a healthier lifestyle among employees, inaugurated in the summer of 2021. The program encourages challenges among colleagues in the name of sports and good living. Through gamification strategies, it reinforces the culture of well-being within the organisation, involving all the 'Epta People' of the Italian offices in a series of activities aimed at boosting cohesion and improving people's health.

During 2021, we also carried out a survey involving a limited number of employees - selected in a heterogeneous manner by gender, qualification and geographical location - in order to understand the perception of the level of organizational well-being, as well as the level of engagement of the corporate population. The results obtained were encouraging, considering a panel of comparable companies, both in terms of sector (industrial, in a broad sense) and in terms of previous experience (entry level).

Initiative that involves all employees of the Italian offices and promotes a healthy lifestyle

3.6 Natural Capital

3.6.1 Environmental Policy

Sustainability and protection of the ecosystem have become commonplace slogans: Epta has transformed them into an active commitment, and this is a source of pride that is nurtured by management, sensitive to Group policy, and made explicit every year by numerous projects.

We are determined to contribute to the achievement of the goal of reducing CO_2 emissions as set out in the 2030 Agenda of the United Nations, aware that companies have a decisive role in the fight against climate change so dramatically highlighted by the events that have characterized these last years.

We monitor the amount of CO_2 our facilities emit and relate it to our baseline indicators to assess whether we are meeting our targets.

ton CO_2	2021	2020	2019
Scope 1	8,654.91	6,980.29	7,823.25
Scope 2	10,454.62	8,893.79	9,125.36
Total	**19,109.53**	**15,874.09**	**16,948.62**
Pcs.	215,560	161,245	197,756
Ton CO_2/PV	38.45	41.57	48.48

Note: the data shown in the following graphs refer only to production sites as these are the ones that generate almost all consumption. The commercial offices are offices where the presence of staff is limited given the progressive increase in smart working. In addition, water consumption in commercial offices is not always detectable considering that this consumption (and therefore expense) is already included within many lease fees.

Note: Scope 1 emissions are gas and fuel oil; Scope 2 emissions are electricity.

We are ambitious, which is why we have launched a **project to mitigate, reduce and offset non-reducible emissions:** we want to reduce our CO_2 emissions by more than 55% by 2025, thus meeting the 2030 Agenda target five years early.

-55%
emissions CO_2
by 2025

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

In addition, we have joined a **special Air France-KLM programme** that envisages - for all Epta staff business flights on routes covered by the Franco-Dutch company - the use of SAF (Sustainable Aviation Fuel), a fuel with a reduced environmental impact that **makes it possible to reduce CO_2** emissions by more than 72% compared with the use of a conventional solution and in the production and development of which we participate through a financial contribution.

We hope that the enthusiasm we have shown for this initiative will be contagious: the future of our planet depends on the ability of businesses to work together in pursuit of the UN Sustainable Development Goals, for sustainability that is at once economic, social and environmental.

Mariaserena Nocivelli, ESG Auditor Epta, signs the agreement with Air France KLM to join the SAF programme

The continuous search for **solutions to improve the energy efficiency** of the Group's plants and an extensive and planned control of compliance with mandatory regulations, combined with the commitment of all staff, testify to the virtuous attitude of the company in approaching and managing environmental issues.

Energy consumption

The operation of production facilities, as well as commercial offices, cannot disregard the consumption of energy carriers such as electricity and gas.

At Epta, aware of the difficulty of finding these utilities and also considering the volatility of prices, **we have for some time now been on a path to increase energy efficiency** which, starting from the application of the energy management system in compliance with the international standard ISO 50001, allows us to constantly monitor consumption on the basis of production requirements and, therefore, to decide which activities are preparatory to the achievement of our objectives of continuous improvement.

Year	Electricity Gjoule	Gas Gjoule	Oil Gjoule
2021	**143,868.90**	**147,072.41**	**6,750.67**
2020	116,427.85	119,292.87	4,595.36
2019	119,459.35	132,618.07	6,130.29

In this spirit we are increasing our self-production of energy from renewable sources such as photovoltaics, as well as purchasing certified "green" electricity.

Year	KOE/PV	% renewable energy source
2021	**21.97**	**29.72**
2020	23.53	13.82
2019	27.02	14.70


Photovoltaic system of Epta plant in Limana, Belluno - Italy

Water consumption

Epta is aware of the importance of water as a primary and essential good.

We are taking action to minimize wastage and promote increasingly responsible use of water: the application of **purification systems** and **closed-circuit systems in coating plants and glass grinding equipment** (operations that require massive use of water) are the steps taken towards rational and accurate use. Data on water consumption per unit produced in 2021 confirms that we are on the right track with a reduction of more than 9 percentage points compared to 2019.

-9%
consumption H_2O
(vs. 2019)

Year	Production pcs.	Consumption m3	lt/pcs.
2021	**215,560**	**107,834.13**	**0.50**
2020	161,245	110,290.29	0.68
2019	197,756	109,995.02	0.55

Waste

The Epta production cycle involves the generation of significant amounts of waste material. Aware of our responsibility to protect the planet and supported by the application of an **environmental management system in accordance with the international standard ISO 14001**, we are committed to efficient waste management. Careful separation leads us to generate **7.40 kg of waste disposed of for every 100 kg** of waste generated: over 92% of waste is therefore recycled, thus creating a green circular economy.

92%
recycled waste

Year	Recycled Kg	Disposed Kg	Ratio	Hazardous(1) Kg
2021	**11,215,800.66**	**896,529.08**	**7.40**	**7.40**
2020	8,557,470.96	746,184.41	8.02	8.02
2019	9,053,789.61	763,490.90	7.78	7.78

Note: the data refer to production sites as commercial offices generate small quantities of waste that can be classified as similar to urban waste.
(1): hazardous waste can be either recycled or disposed of, but this further subdivision is not tracked.

CONSOLIDATED FINANCIAL STATEMENTS

4. EPTA GROUP CONSOLIDATED FINANCIAL STATEMENTS

4.1 Financial Statements

4.2 Notes to the Consolidated Financial Statements

4.1 Financial Statements

Statement of financial position assets

Amounts in Euro thousands

Assets	Notes	31.12.2021	31.12.2020	Change
Property, plant and equipment	1	181,075	178,183	2,892
Right of use	2	24,815	30,718	(5,902)
Property investments	3	1,450	1,450	-
Goodwill and other intangible assets with indefinite life	4	67,236	60,294	6,943
Intangible assets	5	9,192	7,585	1,607
Investments	6	283	1,240	(957)
Other non-current assets	7	584	1,537	(952)
Deferred tax assets	8	25,666	24,308	1,357
Other non-current financial assets	9	1,643	666	978
Total non-current assets		**311,945**	**305,981**	**5,966**
Inventories	10	233,996	158,823	75,173
Trade receivables	11	276,741	228,151	48,590
Other current financial assets	12	19,437	0	19,437
Tax receivables	13	14,349	11,605	2,743
Other receivables and other current assets	14	17,443	14,670	2,773
Cash and cash equivalents and short-term deposits	15	123,348	173,938	(50,590)
Total current assets		**685,313**	**587,186**	**98,127**
Total assets		**997,258**	**893,168**	**104,093**

Statement of financial position liabilities

Amounts in Euro thousands

Liabilities	Notes	31.12.2021	31.12.2020	Change
Share capital		68,998	68,998	-
Reserves		34,178	46,143	(11,965)
Other reserves for retained earnings		198,400	178,174	20,227
Result attributable to the Group		60,950	19,417	41,532
Minorities equity		362	522	(160)
Total shareholders' equity	**16**	**362,888**	**313,254**	**49,634**
Medium/long-term financial payables	17	124,852	143,732	(18,879)
Derivative financial instruments	18	68	250	(182)
Liabilities for employee benefits	19	29,562	34,423	(4,862)
Provisions for risks and charges	20	17,437	15,239	2,198
Deferred tax liabilities	21	15,333	11,776	3,557
Other non-current liabilities	22	1,756	842	914
Total non-current liabilities		**189,007**	**206,262**	**(17,255)**
Short-term financial payables	23	76,421	111,086	(34,665)
Trade payables	24	237,899	177,570	60,329
Tax payables	25	32,895	19,337	13,557
Other current liabilities	26	98,148	65,656	32,492
Total current liabilities		445,363	373,650	71,713
Total liabilities		**634,370**	**579,912**	**54,458**
Total shareholders' equity and liabilities		**997,258**	**893,166**	**104,093**

Income Statement

Amounts in Euro thousands

	Notes	31.12.2021	31.12.2020	Change
Revenues from sales and services	27	1,177,199	907,774	269,424
Other revenues and income	28	22,125	20,043	2,081
Total revenues		**1,199,323**	**927,818**	**271,506**
Costs for raw and ancillary materials, consumables and goods	29	(506,094)	(390,650)	(115,444)
Costs for services	30	(255,810)	(205,035)	(50,775)
Personnel costs	31	(299,139)	(249,843)	(49,295)
Amortization/depreciation	32	(36,365)	(37,251)	886
(Provisions) Releases	33	(1,866)	(1,896)	30
Other operating costs	34	(7,302)	(7,218)	(84)
Operating costs		**(1,106,576)**	**(891,893)**	**(214,683)**
Operating result		**92,747**	**35,924**	**56,823**
Financial income	35	619	638	(19)
Financial expenses	36	(4,289)	(5,587)	1,299
Foreign exchange gains and losses	37	(1,411)	(3,195)	1,784
Total financial income and expense + (-)		**(5,081)**	**(8,145)**	**3,064**
RESULT BEFORE TAXES + (-)		**87,666**	**27,780**	**59,887**
Income taxes	38	(26,559)	(8,415)	(18,143)
Net result		**61,108**	**19,364**	**41,743**
Minority share		158	(53)	211
RESULT ATTRIBUTABLE TO THE GROUP		**60,950**	**19,417**	**41,532**

Statement of comprehensive income

Amounts in Euro thousands

	Notes	31.12.2021	31.12.2020
Total net result (A)		**61,108**	**19,364**
Change in Cash Flow Hedge reserve	16	207	(182)
Change in translation reserve	16	4,779	(9,360)
Total other gains/(losses) to be subsequently reclassified to net result for the period, net of tax effects (B1)		**4,986**	**(9,542)**
Actuarial gains/losses on defined benefit plans	16	3,481	49
Change in fair value reserve Land and Buildings	1	3,321	3,700
Total other income/(loss) not subsequently reclassified to net result for the period, net of tax (B2)		**6,802**	**3,749**
Total other gains/(losses) net of the tax effect (B)		**11,788**	**(5,793)**
Total comprehensive profit/loss (A) + (B)		**72,896**	**13,571**
Minority share		158	(53)
Result attributable to the Group		**72,738**	**13,624**

Cash flow statement

Amounts in Euro thousands

	31.12.2021	31.12.2020
Profit for the year	61,108	19,365
Amortization/depreciation	36,365	37,251
Adjustment to provisions for risks	1,866	1,896
Financial income	(619)	(638)
Financial expenses	4,289	5,587
Taxes for the year	26,543	8,415
Taxes paid	(13,465)	(14,291)
Net change in employee benefit liability	(8,520)	(2,330)
Net change in provisions for risks	1,033	1,868
(Increase)/Decrease in current receivables	(46,652)	10,156
(Increase)/Decrease in inventories	(74,131)	(3,197)
Increase/(Decrease) in payables to suppliers	58,913	21,417
(Increase)/Decrease in other assets	(1,439)	7,180
Increase/(Decrease) in other liabilities	29,243	5,760
A. CASH FLOW GENERATED/(ABSORBED) FROM OPERATING ACTIVITIES	**74,535**	**98,439**
- Property, Plant and Machinery increase	(15,621)	(23,165)
- Other changes in tangible assets	(4,408)	(1,994)
- Intangible assets	(2,821)	-
- Other changes in intangible assets	3,284	-
- Acquisitions/disposals net of cash acquired/ disposed of	(4,550)	5,443
B. CASH FLOW GENERATED/(ABSORBED) FROM INVESTMENT ACTIVITIES	**(24,117)**	**(19,716)**
- Exchange rate differences from the translation of financial statements in foreign currency	12,309	(8,446)
- Change in current payables to banks and other lenders	(36,125)	20,431
- Change in non-current payables to banks and other lenders	(34,811)	4,562
- Financial assets	(19,437)	
- Changes in shareholders' equity	-	3,505
- Dividends distributed by the parent company	(22,943)	(7,341)
C. CASH FLOW GENERATED/(ABSORBED) FROM FINANCING ACTIVITIES	**(101,008)**	**12,711**
D. NET CASH FLOW GENERATED/(ABSORBED) (A + B + C)	**(50,590)**	**91,434**
E. Opening cash and cash equivalents	**173,938**	**82,503**
F. Closing cash and cash equivalents	**123,348**	**173,937**

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	Translation reserve and retained earnings	Result of the year	Group shareholders' equity	Minorities' capital and reserves	Total shareholders' equity
Financial Statements at 31 December 2019	**68,998**	**22,454**	**13,800**	**4,476**	**(8,369)**	**1,460**	**31,444**	**5**	**(9,798)**	**145,439**	**33,165**	**303,074**	**591**	**303,665**
Result allocation						13,088				20,077	(33,165)	0		0
Sale of treasury shares					2,771	603						3,374		3,374
Dividends						(7,341)						(7,341)		(7,341)
Repayment of reserves												-		-
Conversion difference												-		-
Acquisition of minority interests												-		-
Other components of the comprehensive income statement							3,700	(182)	49	(9,360)		(5,793)	(16)	(5,809)
Result of the year											19,417	19,417	(53)	19,364
Financial Statements at 31 December 2020	**68,998**	**22,454**	**13,800**	**4,476**	**(5,598)**	**7,810**	**35,144**	**(177)**	**(9,749)**	**156,156**	**19,417**	**312,732**	**522**	**313,254**
Result allocation						14,178				5,239	(19,417)	(0)		(0)
Sale of treasury shares												-		-
Dividends				(955)		(21,988)						(22,943)		(22,943)
Repayment of reserves												-		-
Conversion difference										4,779		4,779	(318)	4,461
Acquisition of minority interests												-		-
Other components of the comprehensive income statement							3,321	207	3,481			7,009		7,009
Result of the year											60,950	60,950	158	61,108
Financial Statements at 31 December 2021	**68,998**	**22,454**	**13,800**	**3,521**	**(5,598)**	**0**	**38,465**	**30**	**(6,268)**	**166,174**	**60,950**	**362,526**	**362**	**362,888**

4.2 Notes to the Consolidated Financial Statements

Company information

Publication of the consolidated financial statements of Epta S.p.A. (hereinafter also referred to as the "Epta Group" or the "Group") for the year ended 31 December 2021 was authorized by the Board of Directors on 24 February 2022. 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 statement of financial position, 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 would otherwise be recorded at amortized cost, is adjusted to take account of changes in the fair value attributable to the hedged risks.

Moreover, the consolidated financial statements have been prepared by the Parent Company's Directors on a going concern basis, in accordance with paragraphs 25 and 26 of IAS 1, having verified that there are no material uncertainties regarding the Company's ability to meet its obligations in the foreseeable future.
Risks and uncertainties related to business activities are described in the appropriate section of the Report on Operations.
Unless otherwise indicated, the amounts shown in these consolidated financial statements and the related notes are expressed in Euro thousands, given their significance.

Financial Statements

The Group presents the income statement classified by nature.
The statement of financial position 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 negotiating it;
- it is expected to be realized within twelve months of the closing date of the year;
- it consists of cash or cash equivalents unless it is forbidden to exchange it or use it to settle a liability for at least twelve months from the closing date of the financial year.

All other assets are classified as non-current.

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

The Group classifies all other liabilities as non-current.
It is believed that this representation best reflects the elements that determined the Group's operating results, as well as its financial and asset structure.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

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

Scope of consolidation

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

During 2021, the composition of the Group changed as follows:
- in August, a further 54.40% stake was acquired in Epta Suomi Oy, a Finnish company specializing in the engineering, installation, maintenance and sale of refrigeration systems for the retail sector, in which the Group already held a 35.6% stake;

- in July, a business unit was acquired from Sociedad Ingeniería y Mantención VPP Limitada, a Chilean company specializing in the engineering, installation, maintenance and sale of refrigeration systems for the retail sector, as well as the rental and sale of refrigerated units and spare parts;
- in December, the acquisition of Eurocold - Electromecânica e Serviços, S.A., a Portuguese company specializing in engineering, installation, maintenance and sales services for commercial and industrial refrigeration, was finalized.

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
31.12.2021	**4.16**	**116.36**	**1.56**	**1.03**	**964.32**	**7.19**	**4,608.29**	**727.27**
Average 2021	4.35	112.30	1.57	1.08	897.67	7.63	4,424.78	735.29
31.12.2020	4.51	103.25	1.59	1.08	872.60	8.02	4,201.68	750.75

	Danish Krone	British Pound	Quetzal Guatem.	Mexican Pesos	Malaysian Ringgit	Norway Krone	Nuevo Sol	Philippine Peso
	DKK	GBP	GTQ	MXN	MYR	NOK	PEN	PHP
31.12.2021	**7.44**	**0.84**	**8.74**	**23.14**	**4.72**	**9.99**	**4.52**	**57.76**
Average 2021	7.44	0.86	9.16	23.99	4.90	10.16	4.59	58.31
31.12.2020	7.44	0.90	9.56	24.42	4.93	10.47	4.44	59.13

	Polish Zloty	Romanian Lei	Saudi Arab. Riyal	Swedish Krona	Thai Baht	Turkish Lira	Franc CPF
	PLN	LEI	SAR	SEK	THB	TRY	XPF
31.12.2021	**4.60**	**4.95**	**4.25**	**10.25**	**37.65**	**15.23**	**1.13**
Average 2021	4.56	4.92	4.44	10.14	37.82	10.47	1.18
31.12.2020	4.56	4.87	4.60	10.03	36.73	9.11	1.23

(*) 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 2021 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, at 1 January 2019, are recognized in accordance with IFRS 16, which defines principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for these agreements, whether operating or financial in nature based on a model similar to the financial model previously provided under IAS 17 for finance leases. The standard grants two exemptions for recognition by lessees - leases related to "low value" assets and short-term leases (e.g. leases due within 12 months or less).

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

Where a re-measurement of the lease liability becomes necessary (e.g. changes in the terms of the contract, changes in future payments or in a rate used to determine payments), the amount of the re-measurement is recognized as an adjustment to the right of use of the asset.
With regard to contracts for which the Group is the lessor (and not the lessee), the recognition method remains essentially unchanged from the previous accounting method in accordance with IAS 17, distinguishing between operating leases and finance leases.

Property investments

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

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

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

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

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

Intangible assets

Intangible assets are recognized as assets at purchase cost when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be reliably determined. Intangible assets acquired through business combinations are recorded at fair value as defined at the date of acquisition, if such value can be reliably determined. Intangible assets with definite useful life are amortized on a straight-line basis over their estimated useful life; the useful life is reviewed annually and any changes, where necessary, are made on a prospective basis.

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

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

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

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

During the development period, the asset is reviewed annually for impairment. Subsequent to initial recognition, development costs are measured at cost less accumulated amortization or accumulated loss. Amortisation 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 in the income statement, as appropriate.

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

Subsequent valuation

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

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

Financial assets at amortized cost (debt instruments)

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

- the financial asset is held as part of a business model whose objective is to hold financial assets for the purpose of collecting contractual cash flows;

and

- the contractual terms of the financial asset provide for cash flows at certain dates represented solely by payments of principal and interest on the amount of principal to be repaid.

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

Financial assets at fair value in the comprehensive income statement

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

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

Financial assets at fair value in the income statement

Financial assets that are not classified in any of the previous categories (residual category) are classified in this category. The assets belonging to this category are recognized at fair value at the time of their initial recognition. The ancillary costs incurred when recording the asset are immediately recognized in the consolidated income statement. In the subsequent measurement, FVPL financial assets are measured at fair value.

Inventories

Inventories are valued at the lower of purchase cost (determined using the weighted average cost method) and/or production cost, and realizable value.
The purchase cost includes ancillary expenses relating to purchases during the year. The production cost includes directly attributable costs and a portion of indirect costs, reasonably attributable to the products.

Net estimated realizable value consists of the estimated selling price less estimated completion costs and estimated costs to make the sale.
The agreed fees, if expressed in foreign currency, are calculated taking into account the exchange rates with which any foreign currency hedges have been carried out or, if not, at the year-end exchange rate; the same method is applied for costs expressed in foreign currency.

Cash and cash equivalents

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

Share capital

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

Treasury shares

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

Provisions for risks and charges

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

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

Product warranty provision

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

Customer supplementary indemnity provision

The Customer supplementary indemnity provision includes allocations made for the payment of termination indemnities which, on the occurrence of the conditions laid down in article 1751 of the Italian Civil Code, as applied by current Collective Bargaining Agreements, must be paid to agents.
On an annual basis, the Parent Company estimates the indemnities pertaining to agents using actuarial techniques and taking into account the probability of payment of the indemnities and expectations regarding the time of disbursement. On an annual basis, the Group evaluates the Customer supplementary indemnity provision on an actuarial basis, taking into account all financial and probabilistic components to which the calculation is subject, with actuarial gains and losses charged to the income statement.

Provision for dismantling costs

Provisions for dismantling and reclamation costs are allocated based on the present value of the expected costs to settle the obligation, using estimated cash flows and a pre-tax discount rate that reflects the specific risks associated with the dismantling liability and result in 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

The Group recognizes additional benefits to certain key executives through stock option plans. Specifically, on 26 September 2019, the shareholders approved a new Long-Term Incentive Plan (2019-2022). The Plan provides for a method of granting options free of charge to the beneficiaries. For each year of the Plan (2019-2022), a certain number of options exercisable in portions equal to one-third from the following year and within a period of five fiscal years (2020-2027) are granted. Options not exercised in each year will be cumulative in subsequent years and exercisable by the end of the Plan term. If the options are exercised, the Plan provides for a cross put/call mechanism that enables the Company to settle in cash the difference between the exercise price determined on the grant date and the Group's share price, as determined on the date the options are exercised.

In accordance with the provisions of "IFRS 2 Share-based payments", stock options in favour of employees are valued at fair value at the time of their assignment. At the end of each year, the fair value of options previously determined is not revised, but instead the estimate of the number of options that will vest up to maturity is updated. The accumulated costs recognized for these transactions at the end of each year up to the vesting date are commensurate with the maturity dates of the vesting period and the best available estimate of the number of options that will actually be exercised.

The cost or revenue charged to the income statement for the period represents the change in fair value with respect to the mid-period value.
No cost is recognized for rights that do not reach final maturity, except in the case of rights whose assignment is subject to market conditions.

Fair value measurement

The Group measures derivative financial instruments, instrumental land and buildings as well as certain financial instruments, at fair value at each reporting date.

Fair value is the price that would be received for the sale of an asset, or that would be paid for the transfer of a liability, in a regular transaction between market participants on the valuation date. A fair value measurement assumes that the sale transaction of the asset or transfer of the liability takes place:

- in the main market of the asset or liability;

or

- in the absence of a main market, in the most advantageous market for the asset or liability.

The main market or the most advantageous market must be accessible to the Group. The fair value of an asset or liability is valued by adopting the assumptions that market operators would use in the determination of price of the asset or liability, assuming that market operators act to best meet their own economic interest.

An assessment of the fair value of non-financial asset does not consider the ability of a market operator to generate economic benefits by making utmost use of the asset or by selling it to another market operator that would make the utmost and best use of it.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which the fair value is measured or recorded in the financial statements are categorized according to the fair value hierarchy, as described below:

- **Level 1** - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- **Level 2** - inputs other than the quoted prices included in Level 1, directly or indirectly observable for the asset or liability;
- **Level 3** - valuation techniques for which the input data is not observable for the asset or liability.

The fair value measurement is entirely classified in the same level of the fair value hierarchy in which the input of the lowest level of hierarchy used for the valuation is classified.

Outside appraisers are involved in the valuation of significant assets such as real estate, land and buildings.

For reporting purposes related to fair value, the Group determines classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as described above.

Discretionary valuations and use of estimates

The preparation of financial statements requires the directors to make discretionary valuations, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and related disclosures, as well as the identification of contingent liabilities. The uncertainty inherent in the assumptions and estimates made could result in outcomes that will require a significant adjustment to the carrying value of these assets and/or liabilities in the future.

The principal financial statement items affected by the use of estimates and assumptions that could result in a material risk of resulting in a material adjustment to the book values of assets and liabilities within the next year are as follows:

Impairment of non-current assets

Recoverability of goodwill
Impairment occurs when the book value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The calculation of value in use is based on a cash flow discounting model and implies, with reference to goodwill, assumptions regarding the forecast of expected cash flows in the two CGUs (Cash Generating Units) identified, based on the guidelines defined in the strategic plan approved by the Parent Company's Board of Directors, the determination of an appropriate discount rate (WACC) and long-term growth rate (g). These assumptions could be affected by impacts from the emergence from COVID-19.

As required by IAS 36, because the above CGUs include goodwill, the Parent Company performed an impairment test to determine that the book values related to the CGU assets are recorded in the financial statements at 31 December 2021 at a value that is not greater than their recoverable amount. Specifically, the Company recognizes goodwill of Euro 67.2 million in the consolidated financial statements at 31 December 2021.

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 relating to stock option plans is based on a series of assumptions and accounting inputs, and is determined based on the change in the Group's value, based on 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 2021 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 2021

Amendment to IFRS 3 "Business combinations"

On 14 May 2020, the IASB issued an amendment to IFRS 3, "Reference to the Conceptual Framework," for the following items:

(i) complete updating references to the Conceptual Framework for Financial Reporting in the accounting standard;

(ii) provide clarifications on the assumptions for the recognition, at the acquisition date, of provisions, contingent liabilities and tax liabilities (levies) assumed as part of a business combination transaction;

(iii) make explicit the fact that potential assets cannot be recognized as part of a business combination.

The amendments clarify that when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination that has been implemented in several phases, including the remeasurement at fair value of the equity investment previously held in the assets and liabilities of the joint operation. In doing so, the acquirer revalues the interest previously held in the joint operation.

On the basis of the analysis carried out, it is believed that this amendment does not have an impact on the Group's financial statements.

Amendment to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB published an amendment to IFRS 16. The amendment allows a lessee not to apply the requirements in IFRS 16 on the accounting effects of contractual modifications for lease reductions granted by lessors that are a direct result of the Covid-19 outbreak. The amendment introduces a practical expedient whereby a lessee may choose not to assess whether lease reductions represent contractual changes. A lessee that chooses to use this expedient accounts for these reductions as if they were not contractual modifications within the scope of IFRS 16.

The amendments are applicable to financial statements for which the accounting period begins on or after 1 June 2020. Early adoption is permitted and this exemption applies if the following conditions are met:

- the concession on payments is a direct result of the Covid-19 pandemic and the reduction in payments relates only to those originally due through June 2021;
- the change in payments has left the same amount to be paid unchanged from the original terms or has reduced the amount to be paid;
- there are no material changes to any other terms or conditions of the lease.

These amendments had no impact on the Group's financial statements.

Amendments to IFRS 7, IFRS 9 and IAS 39: Reform of the interest rate benchmark

The amendments to IFRS9 and IAS 39 provide a number of practical expedients that apply to hedging relationships that are directly impacted by benchmark interest rate reform. A hedging relationship that is impacted by the reform is subject to uncertainties about the timing and extent of rate-based cash flows with respect to the hedged instrument.

On the basis of the analysis carried out, it is believed that this amendment does not have an impact on the Group's financial statements.

Accounting standards, interpretations and amendments not yet approved by the European Union

Amendment to IAS 12 "Income taxes"

The amendments clarify that the effects of dividend taxes are related to past transactions or events that generated distributable profits rather than distributions to shareholders. Therefore, an entity recognizes the effects of income tax deriving from dividends in the profit/(loss) for the year, in the other components of the comprehensive income statement or in shareholders' equity consistent with the way in which the entity previously recognized such past transactions or events.

This amendment is not expected to have a material impact on the consolidated financial statements.

Amendment to IAS 23 "Borrowing costs"

The amendments clarify that an entity accounts as non-specific loans any loan that it has made and that from the outset was intended to develop an asset, when all the actions necessary to prepare that asset for use or sale are completed.

An entity applies said amendments to financial expenses incurred from the beginning of the year in which the entity first applies said amendments. An entity applies said amendments for years beginning on or after 1 January 2019, and early application is permitted. Since the Group's current practice is in line with these amendments, the Group has not recorded any impact resulting from these amendments on its consolidated financial statements.

Notes to the Statement of Financial Position

Argentina - hyper-inflationary 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 statement of financial position of the subsidiary EPTA Argentina have been remeasured by applying the general consumer price index to the historical data, in order to reflect the 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 2021 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 account of the impact of hyper-inflation also on the exchange rate of the local currency, the income statement balances expressed in hyper-inflationary currencies have been converted into the Group's presentation currency by applying, as provided for by IAS 21, the final exchange rate rather than the average exchange rate for the period, in order to bring these amounts back to current values.

In 2021, the application of IAS 29 resulted in the recognition of a total expense (net of taxation) of Euro 1,147 thousand in the income statement and a positive effect of Euro 3,180 thousand in shareholders' equity.

The effects of IAS 29 accumulated at 31 December 2021 are shown below (amounts in Euro thousands):

	Cumulative hyper-inflation effect	Cumulative hyper-inflation effect
	at 31 December 2021	at 31 December 2020
Increase in assets	3,033	574
Increase in liabilities	(999)	(394)
Increase in shareholders' equity (net of result)	(3,180)	(1,212)
Effect on result for the year	1,147	1,031

Restatement of comparative data

The following balance sheet information for the Group for the year ended 31 December 2020, has been restated to consistently represent the period presented with the 2021 Consolidated Financial Statements.

The above restatement affected the accounting balances of the subsidiary Kysor Warren, carried out in consideration of the unitary and purely instrumental nature of the two transactions carried out with the Columbus Development Authority, respectively through the signing of the bond purchase agreement (classified as non-current financial assets) and the lease and financial agreement (classified as non-current financial liabilities). In addition to the same date of stipulation (1 December 2020), the same nominal value (USD 26.5 million), and the same repayment plan at maturity (1 December 2030), the contractual agreements also provide for reciprocal settlements solely by offsetting accounting items, without the payment of actual cash flows. In view of the above, Epta S.p.A. has therefore restated the 2020 comparative figures in the 2021 Consolidated Financial Statements, offsetting the financial asset (the subscribed bond) with the financial liability arising from the lease and financial agreement, since they do not fall within the definition of financial assets and liabilities provided for by IFRS 9. The purpose of the transaction is to ensure, through the investment plan agreed upon by the parties, that the Columbus Development Authority will have Kysor Warren remain in the Columbus area for 10 years and hire approximately 120 employees, and that Kysor Warren will receive a tax benefit over the term of the transaction.

Note 1 Property, plant and equipment

Property, plant and equipment at 31 December 2021 and 2020 consisted of the following:

(Euro thousands)	31.12.2021			31.12.2020			
	Gross Value	Accumulated depreciation	Net Value	Gross Value	Accumulated depreciation	Net Value	Net change
Land and buildings	189,292	(71,343)	117,949	183,117	(67,653)	115,464	2,485
Plants and machinery	181,540	(138,315)	43,225	167,891	(126,625)	41,266	1,959
Industrial and commercial equipment	77,245	(67,961)	9,284	72,606	(64,020)	8,586	698
Other assets	17,235	(13,994)	3,241	16,890	(14,102)	2,787	454
Assets in progress and advances	7,376	-	7,376	10,080	-	10,080	(2,704)
Total	**472,687**	**(291,612)**	**181,075**	**450,583**	**(272,400)**	**178,183**	**2,892**

An analysis of changes in property, plant and equipment and accumulated depreciation is provided below:

Gross Value	Opening	Increases	Decreases	*Fair Value*	Exchange rate differences	Reclassifications	Other changes	Closing
Land and buildings	183,117	1,358	(236)	4,027	(318)	1,344	0	189,292
Plants and machinery	167,891	5,417	(0)	160	(29)	2,545	5,556	181,540
Industrial and commercial equipment	72,606	3,360	(1,640)	-	244	2,658	17	77,245
Other assets	16,890	917	(1,916)	(0)	2	160	1,183	17,235
Assets in progress and advances	10,080	4,570	(385)	-	(327)	(6,561)	(0)	7,376
Total	**450,583**	**15,621**	**(4,178)**	**4,187**	**(428)**	**147**	**6,756**	**472,687**

Accumulated depreciation	Opening	Increases	Decreases	*Fair Value*	Exchange rate differences	Reclassifications	Other changes	Closing
Land and buildings	(67,653)	(4,431)	22	(1,191)	1,710	260	(60)	(71,343)
Plants and machinery	(126,625)	(10,560)	1,367	-	(1,956)	(259)	(283)	(138,315)
Industrial and commercial equipment	(64,020)	(4,079)	451	-	(194)	(118)	0	(67,961)
Other assets	(14,102)	(977)	1,757	0	(546)	(30)	(95)	(13,994)
Total	**(272,400)**	**(20,047)**	**3,597**	**(1,191)**	**(987)**	**(147)**	**(438)**	**(291,612)**

The main projects related to operational processes included:
- Investments for the industrialization process of production lines at

the Kysor Warren plant (USA) for Euro 2,420 thousand, at the Epta France plant (France) for Euro 2,941 thousand and at the Limana plant (Italy) for Euro 732 thousand;
- Expansion of the Epta Qingdao plant (China) for 787 thousand Euro;
- Investments for the thermoforming plant and upgrading of existing production lines at the Casale Monferrato factory amounting to Euro 743 thousand;
- Investments for laser cutting at the Solesino and Limana (Italy) plant for Euro 746 thousand;
- Investments for the production of grills at the Limana plant (Italy) for Euro 452 thousand;
- Investments in progress at the Columbus plant (USA) for Euro 530 thousand.

Investments in the research and development area essentially refer to the purchase of material for the industrialization of benches.

The item other changes includes the effect of hyper-inflation on the Argentine company.

Note 2 Right of Use

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

(Euro thousands)	31.12.2021 Net Value	31.12.2020 Net Value	Net change
Right of use	24,815	30,718	(5,902)
Total	**24,815**	**30,718**	**(5,902)**

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

(Euro thousands)	Opening	Increases	Amortization/ depreciation	Exchange rate differences	Closing
Right of use	30,718	5,590	(11,768)	276	24,816
Total	**30,718**	**5,590**	**(11,768)**	**276**	**24,816**

Increases relate primarily to new leases and cars and vehicles for the business.

Note 3 Property investments

This item includes the non-instrumental building owned by the subsidiary Epta Rack SA (Sermaises - France), which is currently partially leased.

(Euro thousands)	Opening	Increases	Decreases	Other changes	Closing
Property investments	1,450	-	-	-	1,450

Note 4 Goodwill and other intangible assets with indefinite life

Goodwill at 31 December 2021 amounted to Euro 67,236 thousand (Euro 60,294 thousand at 31 December 2020). 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)	31.12.2021	31.12.2020	Change
Retail	37,496	30,553	6,943
Food and Beverage	29,740	29,740	-
Total	**67,236**	**60,294**	**6,943**

The increase in the year was generated by the acquisitions made by the Group during the year with a view to increasing its territorial coverage: specifically, 54.4% of the associate Epta Suomi was acquired, as well as the business unit of the company Sociedad Ingeniería y Mantención VPP Limitada (Chile) and the company Eurocold - Electromecânica e Serviços, S.A. (Portugal).

The total investment, including the best estimate of earn-outs, subject to the achievement of turnover and profitability targets, to be paid over the next few years, amounted to Euro 10,350 thousand. The revenue contribution in 2021 was Euro 11,954 thousand.

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 6.10% (5.81% at 31 December 2020).

The recoverable amount also includes the Terminal Value of the cash flows, which was calculated considering a growth rate ("g" rate) between 0 and 1%, 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 (2025), appropriately adjusted to reflect an "operational" situation.

The impairment test carried out, approved by the Company's Board of Directors, did not reveal any impairment loss, as the value in use was higher than the book value.

Finally, a sensitivity analysis was carried out on the results of the test in relation to changes in basic assumptions (WACC, "g" rate and EBITDA at "steady state"). This sensitivity analysis showed, with reference to the Food & Beverage CGU, that the value remained stable despite significant variations in one or more of the assumptions on which the model is based (break-even level not reached even if a WACC greater than 1% is used and all other assumptions remain unchanged; break-even level not reached even if growth rates of 0 are considered, and all other assumptions remain unchanged).

Note 5 Intangible assets

Intangible assets at 31 December 2021 and 31 December 2021 consist of the following:

(Euro thousands)	31.12.2021 Net Value	31.12.2020 Net Value	Net change
Development costs	3,741	3,250	490
Industrial patent and intellectual property rights	894	1,082	(189)
Concessions, licenses and similar rights	2,389	1,986	403
Assets in progress and advances	2,011	959	1,052
Other intangible assets	158	307	(149)
Total	**9,192**	**7,585**	**1,607**

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

Gross Value	Opening	Increases	Decreases	Reclassifications	Exchange rate differences	Other changes	Closing
Development costs	12,082	1,743	-	-	73	-	13,898
Industrial patent and intellectual property rights	2,448	26	(156)	1,886	337	0	4,541
Concessions, licenses and similar rights	20,247	1,707	(712)	567	58	279	22,146
Assets in progress and advances	959	1,077	0	(89)	6	59	2,011
Other intangible assets	2,156	12	(357)	1,262	29	(1)	3,101
Total	**37,892**	**4,565**	**(1,225)**	**3,626**	**503**	**336**	**45,697**

Accumulated amortization	Opening	Increases	Decreases	Reclassifications	Exchange rate differences	Other changes	Closing
Development costs	(8,831)	(1,273)	-	-	(54)	-	(10,158)
Industrial patent and intellectual property rights	(1,366)	(598)	52	(1,657)	(78)	0	(3,648)
Concessions, licenses and similar rights	(18,261)	(1,395)	529	(609)	(21)	(0)	(19,757)
Other intangible assets	(1,849)	(93)	389	(1,360)	(30)	-	(2,943)
Total	**(30,307)**	**(3,360)**	**970**	**(3,626)**	**(183)**	**(0)**	**(36,506)**

Costs with long-term utility amounting to Euro 1,743 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.

Note 6 Investments

At 31 December 2021, the item investments amounted to Euro 283 thousand (Euro 1,240 thousand at 31 December 2020), of which other investments amounted to Euro 283 thousand.

Changes in investments are shown below:

Accumulated amortization	Opening	Increases	Decreases	Exchange rate differences	Reclassifications	Other changes	Closing
Investments in subsidiaries	-	-	-	-	-	-	-
Investments in associated companies	1,115	-	(1,115)	-	-	-	-
Other investments	125	158	-	-	-	-	283
Total	**1,240**	**158**	**(1,115)**	**-**	**-**	**-**	**283**

The reduction in the year relates to the consolidation of Epta Suomi, consolidated in the previous period at equity, while the increase relates to an investment held by the newly acquired Eurocold, F.R. - Frio e Refrigeração Lda, 50% owned and operating in Portugal.

Note 7 Other non-current assets

Other non-current assets at 31 December 2021 amounted to Euro 584 thousand (Euro 1,537 thousand at 31 December 2020) and include the value of the substitute tax not pertaining to the year, paid by Epta S.p.A. during 2018 for the redemption of goodwill and amortized over the duration of the benefit, equal to 5 years, starting from 2019; the reduction is related to the reclassification of the short-term portion.

Note 8 Deferred tax assets

Deferred tax assets mainly include the effect of tax losses and deductible temporary differences emerging between the book values and the corresponding tax values at the end of the year.

Details of the balance are as follows:

(Euro thousands)	31.12.2021	31.12.2020	Change
Inventory obsolescence fund	3,221	2,890	331
Provision for bad debts	961	969	(8)
Provisions for risks and charges	2,400	2,689	(289)
Employee benefits	3,836	4,410	(574)
Tax losses	11,104	9,493	1,611
Tangible assets	1,008	746	262
Other	3,136	3,111	25
Total	**25,666**	**24,308**	**1,358**

Deferred tax assets, including those relating to tax loss carry-forwards, have been recorded considering the likelihood of their future recovery on the basis of the Group's projected results, which indicate the existence of income not less than the amount of the differences to be offset.

Note 9 Other non-current financial assets

Other non-current financial assets at 31 December 2021 amounted to Euro 1,643 thousand (Euro 666 thousand at 31 December 2020) and refer to security deposits paid by Group companies.

Restatement of the accounting balances of the subsidiary Kysor Warren, carried out in consideration of the unitary and purely instrumental nature of the two transactions carried out with the Columbus Development Authority, respectively through the signing of the bond purchase agreement (classified as non-current financial assets) and the lease and financial agreement (classified as non-current financial liabilities). In addition to the same date of stipulation (1 December 2020), the same nominal value (USD 26.5 million), and the same repayment plan at maturity (1 December 2030), the contractual agreements also provide for reciprocal settlements solely by offsetting accounting items, without the payment of actual cash flows. In view of the above, Epta S.p.A. has therefore restated the 2020 comparative figures in the 2021 Consolidated Financial Statements, offsetting the financial asset (the subscribed bond) with the financial liability arising from the lease and financial agreement, since they do not fall within the definition of financial assets and liabilities provided for by IFRS 9. The purpose of the transaction is to ensure, through the investment plan agreed upon by the parties, that the Columbus

Development Authority will have Kysor Warren remain in the Columbus area for 10 years and hire approximately 120 employees, and that Kysor Warren will receive a tax benefit over the term of the transaction.

Note 10 Inventories

Inventories at 31 December 2021 and 31 December 2020, shown net of the inventory write-down provision, are as follows:

(Euro thousands)	Value Gross	Bad debts provision	Value Net
Raw, ancillary and consumable materials	83,503	(7,058)	76,444
Work in progress and semi-finished products	51,146	(603)	50,544
Finished products and goods	113,977	(6,969)	107,008
Inventories at 31.12.2021	**248,626**	**(14,630)**	**233,996**
Raw, ancillary and consumable materials	53,186	(6,469)	46,716
Work in progress and semi-finished products	37,701	(362)	37,339
Finished products and goods	83,601	(8,833)	74,767
Inventories at 31.12.2020	**174,488**	**(15,664)**	**158,823**

The increase in this item of Euro 75,192 is mainly due to the strong increase in turnover volumes in the last quarter; the company decided to maintain a greater volume of raw materials compared to production requirements in order to mitigate the risk of delays in supply and price increases.

Changes in the inventory obsolescence provision are as follows:

(Euro thousands)	Opening	Increases	Use	Release	Others changes	Closing
Obsolescence provision	(15,664)	(4,983)	114	6,565	(661)	(14,630)
Total	**(15,664)**	**(4,983)**	**114**	**6,565**	**(661)**	**(14,630)**

The item "other changes" refers to the exchange rate delta for the period.

Note 11 Trade receivables

Trade receivables at 31 December 2021 and 31 December 2020, net of the related provision, consisted of the following:

(Euro thousands)	31.12.2021	31.12.2020	Change
Customers	290,786	241,736	49,050
Provision for bad debts	(14,044)	(13,585)	(459)
Total	**276,741**	**228,151**	**48,590**

The value of average collection days in 2021 was 78 days (79 days in 2020).

The balance of trade receivables receivable at 31 December 2021 was greater than at 31 December 2020 in the same proportion that turnover in the last quarter of 2021 was greater than in the same period of the prior year.

Note 12 Other current financial assets

Other current financial assets at 31 December 2021 amounted to Euro 19,437 thousand and refer to temporary investments of liquidity made by the parent company Epta S.p.A. during the year in mutual funds, investment certificates and investment policies, for Euro 9,620 thousand, Euro 1,821 thousand and Euro 7,995 thousand, respectively.

Note 13 Tax receivables

Tax receivables at 31 December 2021 and 2020 consist of the following:

(Euro thousands)	31.12.2021	31.12.2020	Change
VAT receivables	8,449	6,173	2,276
Other tax receivables	5,900	5,432	468
Total	**14,349**	**11,605**	**2,743**

Other tax receivables primarily refer to tax credits relating to the deductibility of IRAP for IRES purposes (article 2 paragraph 1 of DL 201/211) accrued by the Parent Company in previous years.

Note 14 Other current assets

Other current assets at 31 December 2021 and 31 December 2020 consisted of the following:

(Euro thousands)	31.12.2021	31.12.2020	Change
Receivables from social security institutions	228	149	79
Accrued and deferred assets	7,563	7,936	(373)
Other assets	9,653	6,585	3,068
Total	**17,443**	**14,670**	**2,773**

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 as well as receivables for incentives to manufacture capital goods relating to the Argentine subsidiary.

Note 15 Cash and cash equivalents

Cash and cash equivalents at 31 December 2021 amounted to Euro 123,348 thousand (Euro 173,938 thousand at 31 December 2020), a decrease of Euro 50,590 thousand in the year.

Please refer to the notes to the cash flow statement for more details regarding the change for the year.

Note 16 Shareholders' equity

Shareholders' equity amounted to Euro 362,888 thousand (Euro 313,254 thousand at 31 December 2020). Compared to the previous year, this item increased by Euro 49,634 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 2021, the Parent Company's share capital consisted of 68,998,000 ordinary shares with a nominal value of Euro 1.

Reserves

Details of this item, amounting to Euro 34,178 thousand, are provided below:

Legal reserve
The legal reserve, equal to 20% of the capital, amounted to Euro 13,800 thousand at 31 December 2021.

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 2021 was reduced to zero following the distribution of dividends to shareholders approved by the General Meeting on 31 March.

Reserve for purchase of treasury shares
At 31 December 2021, the reserve for purchase of treasury shares amounted to Euro 3,521 thousand and decreased by Euro 955 thousand due to the distribution of dividends to shareholders.

Treasury shares reserve
At 31 December 2020, 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 198,401 thousand at 31 December 2021, includes:

Reserve for retained earnings and translation reserve
The reserve for retained earnings at 31 December 2021, including the translation reserve, amounted to Euro 166,174 thousand.

Fair Value Reserve for Land and Buildings
The fair value reserve for land and buildings at 31 December 2021 was Euro 38,465 thousand.

Cash Flow Hedge Reserve
The Cash Flow Hedge Reserve at 31 December 2021 amounted to Euro 18 thousand.

Reserve for Employee Benefits
The reserve for employee benefits at 31 December 2021 is negative by Euro 6,268 thousand.

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

	31.12.2021	
	Shareholders' equity	Result
Parent company	180,554	42,076
Equity and results of consolidated companies	375,535	56,570
Elimination of the value of investments	(209,039)	
Elimination of dividends		(36,306)
Minority shares	362	158
Elimination of intercompany profits and consolidation adjustments	15,476	(1,390)
Total Group shareholders' equity	**362,888**	**61,108**

Minorities' equity

At 31 December 2021, the portion of shareholders' equity attributable to minorities amounted to a total of Euro 362 thousand (Euro 522 thousand at 31 December 2020) and related to the following companies:

- Iarp Services Co. Ltd;
- Sofrico Sarl;
- Epta Suomi;
- Epta Technical Services UAE LLC.

Note 17 Medium/long-term financial payables

Medium- to long-term financial payables at 31 December 2021 and 31 December 2020 consisted of the following:

(Euro thousands)	31.12.2021	31.12.2020	Change
Long-term financial payables	65,732	80,025	(14,293)
Bonds	46,433	44,360	2,073
Medium/long-term lease payables	12,687	19,347	(6,659)

Medium/long-term financial payables include the portion of loans currently due after one year.
The reduction in medium/long-term payables is linked to the repayment plan for bank loans.

Medium/long-term bank loans are unsecured, with the exception of the loan from Jyske Bank taken out by the Danish subsidiary, Knudsen Koling, the residual debt of which at 31 December 2021 amounted to Euro 1,798 thousand and matures on 30 September 2035.

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:

	2023	2024	2025	2026	Beyond	Total
Long-term financial payables	17,383	65,488	13,428	13,764	2,102	112,165

Note 18 Derivative financial instruments

Derivative financial instruments at 31 December 2021 and 31 December 2020 are presented as follows:

(Euro thousands)	31.12.2021	31.12.2020	Change
Derivative financial instruments	68	250	(282)
Total	**68**	**250**	**(282)**

At 31 December 2021, the following contracts are in place to hedge interest rate risk:

- 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 2021 is Euro 10,000 thousand; its fair value is negative by Euro 24 thousand;
- 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 2021 is Euro 6,250 thousand; its fair value is negative by Euro 14 thousand;

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.

At 31 December 2021, there are also a number of forward contracts in place, albeit of insignificant amount, to hedge the risks arising from fluctuations in exchange rates, the valuation of which is posted to the income statement.

Note 19 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)	31.12.2021	31.12.2020	Change
Liabilities for employee benefits	29,562	34,423	(4,862)
Total	**29,562**	**34,423**	**(4,862)**

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):

(Euro thousands)	31.12.2021	31.12.2020	Change
Breakdown of liabilities for employee benefits	34,423	36,324	(1,901)
Cost related to current services	341	460	(119)
Financial expenses	(43)	298	(341)
Actuarial (gains)/losses	(3,153)	82	(3,235)
Benefits paid	(2,538)	(2,386)	(152)
Currency conversion differences	(859)	(356)	(503)
Gross present value of the obligation at year-end	**28,172**	**34,423**	**(6,252)**
Employee benefit assets	-	-	-
Net present value of the obligation at year-end	**28,172**	**34,423**	**(6,252)**
Other employee benefits	1,390	-	1,390
Total liabilities for employee benefits	**29,562**	**34,423**	**(4,862)**

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:

(Euro thousands)	31.12.2021	31.12.2020
Discount rate	0.33% - 6.55%	0.33% - 9.5%
Expected return on pension fund assets	Up to 3.20%	Up to 2.45%
Average rate of increase in wages and salaries	1.50% - 6.00%	2.5% - 5.8%

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 2021 of the defined employee benefit liability assuming reasonable changes in key assumptions at the reporting date.

	Change
Discount rate +0.50%	(5,932)
Discount rate +0.25%	(4,383)
Discount rate -0.25%	(458)
Discount rate -0.50%	1,383

Note 20 Provisions for risks and charges

At 31 December 2021, provisions for risks and charges amounted to Euro 17,437 thousand (Euro 15,239 thousand at 31 December 2020), and represent the best possible estimate of the liabilities to which the Group may be required to respond in the future taking into account current information. The details are as follows:

(Euro thousands)	Provision warranty	Customer supplementary indemnity provision	Others provisions	Total
Opening	**6,047**	**1,056**	**8,135**	**15,239**
Increases	1,794	55	3,389	5,237
Use	(538)	(125)	(2,027)	(2,690)
Release	(22)	-	(251)	(272)
Other changes	(120)	(0)	43	(77)
Closing	**7,162**	**986**	**9,289**	**17,437**

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 French building of Epta France located in Hendaye and provisions for litigation, non-cold weather and non-compliance.

Note 21 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)	31.12.2021	31.12.2020	Change
Tangible assets	11,579	9,717	1,861
Other	3,754	2,058	1,695
Total	**15,332**	**11,776**	**3,557**

Note 22 Other non-current liabilities

Other non-current liabilities amounted to Euro 1,756 thousand (Euro 842 thousand at 31 December 2020). The amount refers mainly to the relative earn-out payables generated following the acquisitions (Euro 1,216 thousand) and the long-term portion of deferred liabilities on service contracts (Euro 504 thousand).

Note 23 Short-term financial payables

Details of the balance at 31 December 2021 and 31 December 2020 are as follows:

(Euro thousands)	31.12.2021	31.12.2020	Change
Current portion of long-term financial payables	16,177	69,981	(53,803)
Short-term payables to banks and loans	48,539	29,709	18,830
Short-term lease payables	11,705	11,396	309
Total	**76,421**	**111,086**	**(34,665)**

The change is essentially related to the repayment of medium/long-term loans.
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 24 Trade payables

Trade payables at 31 December 2021 amounted to Euro 237,899 thousand (Euro 177,570 thousand at 31 December 2020) and represent the Group's payables to third parties for the supply of goods and services.

(Euro thousands)	31.12.2021	31.12.2020	Change
Payables to suppliers	237,899	177,570	60,329
Total	**237,899**	**177,570**	**60,329**

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.

The increase in payables to third parties is primarily due to the increase in production activities throughout the year.

Note 25 Tax payables

The breakdown of tax payables at 31 December 2021 and 31 December 2020 is as follows and corresponds to the allocation for current taxes for the year and other tax payables:

(Euro thousands)	31.12.2021	31.12.2020	Change
Income tax payables	15,853	3,229	12,624
Direct taxes payables (VAT)	13,384	11,841	1,543
Other tax payables	3,658	4,267	(609)
Total	**32,895**	**19,337**	**13,557**

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

Note 26 Other current liabilities

Details of other current liabilities at 31 December 2021 and 2020 are as follows:

(Euro thousands)	31.12.2021	31.12.2020	Change
Advances received	31,677	18,576	13,101
Social security payables	11,791	9,025	2,767
Payables to personnel	36,383	23,490	12,893
Payables to agents	2,353	1,956	397
Other payables	15,943	12,610	3,333
Total	**98,148**	**65,656**	**32,492**

The item Payables to personnel mainly includes payables for salaries and wages and the payable for stock options accrued at 31 December 2021, amounting to Euro 5,397 thousand.

The item other payables mainly includes Euro 8,000 thousand of accrued and deferred liabilities and provisions of various kinds; the other payables account includes the short-term earn-out payable outstanding at 31 December 2021, amounting to Euro 1,450 thousand.

Notes to the Income Statement

Note 27 Revenues from sales and services

Sales revenues for the year increased from Euro 907,885 thousand in 2020 to Euro 1,177,199 thousand in 2021, an increase of 30%.

Note 28 Other revenues and income

Details of other revenues and income for 2021 and 2020 are as follows:

(Euro thousands)	31.12.2021	31.12.2020	Change
Contributions	1,082	1,141	(59)
Sale of scrap	2,828	1,201	1,628
Charge-back transport costs	12,961	11,435	1,527
Other revenues	5,253	6,266	(1,014)
Total	**22,125**	**20,043**	**2,081**

Contributions mainly include government grants obtained from the European Union for the Life C4R project aimed at promoting more eco-sustainable production and COVID contributions obtained by the Epta Asia subsidiary.

The breakdown of contributions at 31 December 2021 are annexed below:

Project	Amount 31.12.2021
Life C4R Project	493
Fondimpresa	180
Covid Contributions	24
Other	74
Total	**771**

The item "other revenues" mainly includes the recovery of expenses on export sales for charging duties to the customer, the charge-back of warranty costs incurred by the Group and charged back to suppliers, the capital gain realized on the sale of a building by the Danish subsidiary Knudsen Koling.

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 2021	%	At 31 December 2020	%	Changes 2021 vs 2020	
Revenues Retail BU	942,618	79%	705,357	76%	237,261	34%
Revenues After Sales BU	175,948	15%	153,432	17%	22,516	15%
Revenues Food & Beverage BU	78,033	7%	64,859	7%	13,174	20%
Net Revenues	**1,196,599**	**100%**	**923,648**	**100%**	**272,951**	**30%**
Non-core revenues	2,724		4,170		-1,446	-35%
Total Revenues	**1,199,323**		**927,818**			

NET REVENUES in Euro thousands and as a percentage of revenues from sales and services	At 31 December 2021	%	At 31 December 2020	%	Changes 2021 vs 2020	
Italy (*)	156,633	13%	137,247	15%	19,386	14%
France (*)	246,856	21%	159,999	17%	86,857	54%
Germany (*)	162,941	14%	130,630	14%	32,311	25%
United Kingdom (*)	99,620	8%	86,992	9%	12,628	15%
Other European countries (*)	231,928	19%	170,156	18%	61,772	36%
NAM (**)	135,098	11%	112,504	12%	22,594	20%
LATAM (***)	40,927	3%	21,408	2%	19,519	91%
APAC (****)	93,196	8%	71,978	8%	21,218	29%
Other countries	29,400	3%	32,734	4%	-3,334	-10%
Net revenues	1,196,599	100%	923,648	100%	272,950	30%
Non-core revenues	2,724		4,170		-1,446	-35%
Total Revenues	**1,199,323**		**927,818**		**271,505**	**29%**

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

Note 29 Costs for raw and ancillary materials, consumables and goods

A breakdown of Costs for raw and ancillary materials, consumables and goods for 2021 and 2020 is as follows:

(Euro thousands)	2021	2020	Change
Purchase of raw materials	(525,664)	(382,602)	(143,062)
Change in finished products	19,569	(8,047)	27,617
Total	**(506,094)**	**(390,649)**	**(115,445)**

The increase compared to last year is related to the increase in volumes.

Note 30 Costs for services

Details of the cost of services for 2021 and 2020 are as follows:

(Euro thousands)	2021	2020	Change
Maintenance	(7,525)	(7,676)	151
Commissions	(9,057)	(7,844)	(1,213)
Consultancy	(8,724)	(7,812)	(913)
Advertising costs	(1,620)	(2,184)	564
Transport	(44,575)	(34,149)	(10,426)
Travel costs	(10,240)	(9,512)	(728)
Costs for use of third-party assets	(11,607)	(9,908)	(1,698)
Other services	(162,463)	(125,950)	(36,513)
Total	**(255,810)**	**(205,035)**	**(50,775)**

The item "Other services" mainly comprises installation costs of Euro 107,213 thousand (Euro 79,643 thousand in 2020), costs for sub-supply contracts of Euro 14,902 thousand (Euro 12,194 thousand in 2020) and costs for outsourced processing of Euro 14,2020 thousand (Euro 12,870 thousand in 2020).

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

Note 31 Personnel costs

Personnel costs for 2021 and 2020 consist of the following:

(Euro thousands)	2021	2020	Change
Wages and salaries	(237,536)	(195,829)	(41,707)
Social security costs	(54,013)	(48,759)	(5,254)
Other labour costs	(7,589)	(5,255)	(2,334)
Total	**(299,139)**	**(249,843)**	**(49,295)**

The Group's headcount at 31 December 2021 is 6,390.

The breakdown by workforce category is as follows:

Number of employees (point-in-time)	2021	2020	Change
Executives, staff and indirect	2,620	2,264	356
Direct, temporary and interim	3,770	3,447	323
Total	**6,390**	**5,771**	**679**

Labour costs reached Euro 299,139 thousand compared to Euro 249,843 thousand in 2020. The increase is due both to the growth of the workforce and to the limited use of social shock absorbers, compared to what was done during 2020, due to the health emergency.

Note 32 Amortization and depreciation

Amortization and depreciation, amounting to Euro 36,365 thousand, decreased by Euro 871 thousand compared to 2020.

Note 33 Provisions / Releases

The item Net provisions, amounting to Euro 1,866 thousand, shows a decrease of Euro 30 thousand compared to 2020 (Euro 1,896 thousand) mainly due to the provisions made during the year to support liabilities deemed probable.

Note 34 Other operating costs

Other operating costs for 2021 and 2020 consist of the following:

(Euro thousands)	2021	2020	Change
Other operating costs	(4,498)	(4,081)	(417)
Other taxes and duties	(2,804)	(3,137)	333
Total	**(7,302)**	**(7,218)**	**(84)**

This decrease is attributable to lower costs for attending conferences and trade shows due to the Covid-19 pandemic which made travel difficult.

Note 35 Financial income

Financial income and expense amounted to Euro 619 thousand (Euro 638 thousand in 2020) and mainly includes bank interest income.

Note 37 Financial expenses

Finance expenses for 2021 and 2020 consist of the following:

(Euro thousands)	2021	2020	Change
Interest expense on mortgages and loans	(1,325)	(1,758)	433
Other financial expenses	(2,793)	(3,449)	655
Interest cost (IAS 19)	(170)	(380)	210
Total	**(4,288)**	**(5,587)**	**1,299**

The item other financial expenses includes Euro 1.1 million for interest on the bonds issued by Epta S.p.A. and Kysor Warren Epta US, subscribed by Pricoa, lease expenses under IFRS16, amounting to Euro 611 thousand (Euro 723 thousand in 2020), as well as the effects of Argentine hyper-inflation amounting to Euro 799 thousand.

Note 38 Foreign exchange gains/losses

Foreign exchange gains/losses for 2021 and 2020 consist of the following:

(Euro thousands)	2021	2020	Change
Foreign exchange gains/losses	(1,411)	(3,195)	1,784
Total	**(1,411)**	**(3,195)**	**1,784**

Note 39 Income taxes

Income taxes for 2021 and 2020 consist of the following:

(Euro thousands)	2021	2020	Change
Current taxes	(26,473)	(13,782)	(12,692)
Deferred tax assets and liabilities	(85)	5,367	(5,453)
Total	**(26,559)**	**(8,415)**	**(18,143)**

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 various banks with primary ratings in order to cover both interest rate risks and possible fluctuations in exchange rates. Interest rates are hedged via Interest rate swaps (IRS), whilst exchange rate hedges are carried out via forward purchases of foreign currency or forward contracts, primarily to cover any currency imbalances of subsidiaries.

Derivatives are valued using techniques that are based on market data.

The hierarchy of financial instruments measured at fair value, based on the valuation techniques used:

- level 1: the valuation techniques use prices listed on an active market for the assets or liabilities subject to valuation;
- level 2: the valuation techniques consider inputs other than the previous prices, but that can however be observed directly or indirectly on the market;
- level 3: the techniques use inputs that are not based on observable market data.

For the Epta Group, the hierarchy of financial instruments measured at fair value is level 2.

For assets and liabilities recognized in the financial statements at fair value on a recurring basis, the Group determines whether there have been transfers between the hierarchy levels re-evaluating the categorization (based on the lowest level input that is significant for the purposes of the fair value measurement in its entirety) at each reporting date.

The Group determines the criteria and procedures for both recurring fair value measurements, such as investment properties and unlisted available-for-sale financial assets, and non-recurring measurements, such as discontinued assets held for distribution.

External appraisers are involved in the valuation of significant assets, such as real estate and financial assets held for sale, and significant liabilities, such as contingent consideration. This involvement is decided annually based on the Group's assessment and the approval of the Board of Statutory Auditors. Selection criteria include knowledge of the market, reputation, independence and compliance with professional standards. Normally appraisers are changed every three years. Following the discussion with external appraisers, the Group decides which evaluation techniques and which inputs to use for each case.

The following table provides a comparison of the fair value measurement values and hierarchy for the Epta Group's assets and liabilities:

Description	Notes	Book value	Fair value	Prices quoted in an active market	Significant observable inputs	Significant unobservable inputs
				(Level 1)	(Level 2)	(Level 3)
Instrumental land and buildings	1	117,949	117,949		117,949	
Property investments	2	1,450	1,450		1,450	
Total assets		**119,399**	**119,399**	**-**	**119,399**	**-**

Description	Notes	Book value	Fair value	Prices quoted in an active market	Significant observable inputs	Significant unobservable inputs
				(Level 1)	(Level 2)	(Level 3)
Derivative financial instruments	18	68	68			
Total shareholders' equity and liabilities		68	68	-	-	-

Risk management

The main risks, identified and actively managed by the Group, are as follows:

- market risk deriving from exposure to fluctuations in interest rates and exchange rates between the Euro and 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 0.9 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 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 41 Transactions with related parties

The company has approved a procedure for the identification of related parties, which include Shareholders, Directors, Top management and the management of subsidiaries, as well as Group companies.

Transactions with related parties essentially concern both the supply of goods and services and the provision and use of financial resources. All transactions are conducted on an arm's length basis and there are no atypical or unusual transactions.

The following related party transactions took place during the year:

Trade and financial receivables and payables

(amounts in Euro thousands)	At 31 December 2021			
Related party	Receivables	Payables	Financial receivables	Financial payables
Epta HDP S.p.A.	4	-	-	-
Finno Green S.r.l.	-	3	-	-
Irene S.p.A.	9	-	-	-
Frescofrigo S.r.l.	4	-	-	-
Leopard 99 S.r.l.	-	-	-	-
Anima	-	-	-	-
S4Win S.r.l.	-	9	-	-
Romcooling Srl	71	2	-	-
Steve Pierrepoint	-	-	-	-
Don fresco Clima S.l.	-	69	-	-
Total	**87**	**83**	**-**	**-**

Costs and revenues related to 2021

(amounts in Euro thousands)	At 31 December 2021			
Related party	Revenue	Financial revenues	Cost	Financial costs
Epta HDP S.p.A.	16	7	-	-
Finno Green S.r.l.	4	-	126	-
Employees	-	-	266	-
Irene S.p.A.	49	-	-	-
Frescofrigo S.r.l.	22	-	-	-
Leopard 99 S.r.l.	5	-	-	-
Anima	-	-	29	-
S4Win S.r.l.	-	-	199	-
Romcooling Srl	139	-	151	-
Bloom Promo Ltd	-	-	47	-
Don fresco Clima S.l.	-	-	142	-
Total	**235**	**7**	**961**	**-**

The following transactions took place during the year with the following companies and the parent company:

Trade and financial receivables and payables

(amounts in Euro thousands)	At 31 December 2021			
Related party	Trade receivables	Trade payables	Financial receivables	Financial payables
EPTA Deutschland GmbH	7,351	383	-	49,497
Epta France S.A.	12,143	2,868	-	66,165
Epta Perù S.A.C.	92	-	-	-
Epta Chile S.A.	6,070	-	-	-
Epta Technical Services UAE LLC	2,371	13	302	-
Epta Iberia S.A.	1,819	30	-	20,623
EPTA Qingdao Retail Equipment Co	1,136	23	-	-
EPTA Argentina S.A.	7,118	454	-	-
EPTA Istanbul Ltd Sti	2,333	4,275	-	2,233
Epta UK Limited	1,922	101	8,791	-
Epta Cold Service Ltd	545	2	-	-
EPTA International Kft	9,617	231	-	5,770
EptaAustria GmbH	249	65	-	3,600
Knudsen Køling A/S	3,452	15	-	-
Epta Norway AS	49	(3)	64	-
Epta Technical Services Riyadh LLC	911	-	-	-
Epta Suomi Oy	831	169	-	-
Epta Istanbul Sogutma Pazarlama Ltd Sti	20	-	100	-
Iarp Asia Co., Ltd.	-	-	-	-
Epta Australia PTY Ltd	1,408	3	974	-
Epta Refrigeration Philippines, Inc.	1,259	-	-	-
Epta Polska s.p z.o.o.	1,621	-	-	-
Iarp France s.a.s.	1,070	-	7,384	14
Iarp Services Co., Ltd.	14	-	-	-
Epta Refrigeration Denmark ApS	367	-	2,119	-
Epta Andina S.A.	73	-	-	-
Epta Refrigeration Romania Srl	269	-	4,276	-
DAAS IMPEX SRL	3,833	34	-	-
Kysor Warren Epta US Corp	13,141	1	-	-
KYSOR WARREN DE MEXICO	447	74	-	-
Epta Costa Rica Limitada	20	-	-	-
Epta Guatemala Soc. Anonima	73	-	-	-
Sofrico SARL	166	-	-	-
Total	**84,045**	**8,827**	**23,930**	**147,882**

Costs and revenues related to 2021

(amounts in Euro thousands)	At 31 December 2021			
Related party	Revenues	Financial revenues	Costs	Financial costs
EPTA Deutschland GmbH	59,544	-	(560)	(205)
Epta Refrigeration (M) Sdn Bhd	-	-	-	-
Epta France S.A.	114,786	-	(8,635)	(282)
Epta Perù SAC	57	-	-	-
Epta Chile SPA	9,418	2	(17)	-
Epta Technical Services UAE LLC	560	7	(6)	-
Epta Iberia S.A.	14,965	-	(43)	(96)
EPTA Qingdao Retail Equipment Co	837	-	(21)	-
EPTA Argentina S.A.	1,888	-	(51)	-
EPTA Istanbul Ltd Sti	1,753	-	(8,098)	(296)
Epta UK Limited	16,329	131	(343)	-
Epta Cold Service Ltd	3,382	-	(4)	-
EPTA International Kft	76,021	30,000	(247)	-
Epta Austria GmbH	2,645	-	(167)	(16)
Knudsen Køling A/S	6,104	-	(32)	-
Epta Norway AS	1	1	-	-
Epta Technical Services Riyadh LLC	239	-	-	-
Epta Suomi Oy	3,269	1,218	(365)	-
Epta Istanbul Sogutma Pazarlama Ltd Sti	-	1	-	-
Epta Australia PTY Ltd	2,347	17	-	-
Epta Refrigeration Philippines Inc	303	-	-	-
Epta Polska sp Zoo	3,816	-	-	-
Epta Asia Pte. Ltd.	6,293	5,000	(76)	-
Iarp Asia Co Ltd	1,691	-	(112)	-
Iarp France s.a.s.	5,916	70	(4)	-
IARP Services Co, Ltd	27	-	-	-
Epta Refr. Denmark	3	58	-	-
Epta Swisse A.G.	3	-	-	-
Epta Refrigeration Romania Srl	-	143	-	-
DAAS IMPEX SRL	10,440	-	(100)	-
Kysor Warren Epta US Corp	6,480	-	(11)	-
KYSOR WARREN DE MEXICO	2,000	-	(74)	-
Epta Costa Rica Limitada	17	-	-	-
Epta Guatemala Soc. Anonima	73	-	-	-
Sofrico SARL	636	-	-	-
Total	**351,916**	**36,647**	**(19,218)**	**(895)**

Note 42 Commitments, guarantees and contingent liabilities

The Parent Company has issued guarantees on behalf of consolidated companies totalling Euro 135,859 thousand. The purpose of these contracts is mainly to protect credit lines for short-term bank borrowing and exchange rate hedging.

On behalf of Group Companies, guarantees were issued by banks to protect suppliers, customers and public bodies (Euro 1,906 thousand) and tax collection authorities (Euro 1,565 thousand).

At the reporting, date the Parent Company and its subsidiaries are involved in a number of disputes, both of a fiscal nature and relating to ordinary operations. At present the Group, supported by its specially appointed consultants, is defining the open positions for which no probable risks are foreseen.

Significant events after year-end

In 2022, the process of listing the company on the Euronext Milan market was initiated, as per the resolution of the Shareholders' Meeting of 10 February 2022.

The completion of the process and the related timing depend on the positive conclusion of the preliminary investigation by the competent authorities, on a satisfactory outcome, for the Company and the selling shareholders, of the institutional placement, as well as on the evolution of macroeconomic, geopolitical and capital market conditions.

Other information

Disclosure pursuant to Law 124/17

In accordance with the provisions of Law no. 124 article 1 paragraph 125-*quinquies* of 04 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 fees due to the Parent Company's Directors and Board of Statutory Auditors for carrying out these functions in the Parent Company and in other consolidated companies amounted to Euro 1,460 thousand and Euro 100 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 2021 totalled Euro 530 thousand.

Milan, 24 February 2022

for the Board of Directors

Cav. Lav. Marco Nocivelli - Chair

5. ANNEXES TO THE FINANCIAL STATEMENTS

5.1 Consolidation perimeter
5.2 Methodological note
5.3 Reporting guidelines and process
5.4 Reporting period
5.5 Reporting perimeter
5.6 Table of GRI indicators
5.7 Auditors Reports

5.1 Consolidation Perimeter

Company Name	Registered Office	Country	Currency	Share capital in foreign currency (thousands)	Controlling share	Consolidation method
EPTA S.p.A.	Milan	Italy	Euro	69,998		Parent Company
Epta Austria GmbH	Vienna	Austria	Euro	800	100	Global integration
Epta Refrigeration Denmark ApS	Koge	Denmark	DKK	500	100	Global integration
Knudsen Køling A/S	Koge	Denmark	DKK	7,000	100	Global integration
Epta Suomi Oy	Vantaa	Finland	Euro	44	90	Global integration
Epta Developpment S.A.S.	Chatou	France	Euro	37	100	Global integration
Epta France S.A.	Hendaye	France	Euro	33,000	100	Global integration
Epta Rack S.A.	Chatou	France	Euro	50	100	Global integration
Iarp France s.a.s.	St.Quentin Fallavier	France	Euro	100	100	Global integration
Misa France S.a.r.l.	Marseille	France	Euro	400	100	Global integration
Epta Deutschland GmbH	Mannheim	Germany	Euro	3,700	100	Global integration
Epta Norway AS	Oslo	Norway	NOK	283	100	Shareholders' equity
Epta Polska Spa. Z.o.o.	Krakow	Poland	PLN	5	100	Global integration
Eurocold - Electromecânica e Serviços, S.A.	Porto	Portugal	Euro	50	100	Global integration
Epta Cold Service Ltd	Ringwood	United Kingdom	GBP	1	100	Global integration
Epta UK Ltd	Bradford	United Kingdom	GBP	1	100	Global integration
Epta Service Uk Ltd	Bradford	United Kingdom	GBP	2	100	Global integration
DAAS Impex Srl	Ploiesti	Romania	RON	113	100	Global integration
Epta Refrigeration Romania Srl	Bucharest	Romania	RON	45	100	Global integration
Epta Iberia S.A.	Madrid	Spain	Euro	70	100	Global integration
Epta (Suisse) A.G.	Lugano	Switzerland	CHF	100	100	Global integration
Epta I˙stanbul Sog˘utma Pazarlama Sanayi ve Ticaret Limited S¸irketi	Çorlu	Turkey	TRY	100	100	Global integration
Epta I˙stanbul Sog˘utma Sistemleri Sanayi ve Ticaret Limited S¸irketi	Ergene	Turkey	Euro	2,086	100	Global integration

CONTINUED

Company Name	Registered Office	Country	Currency	Share capital in foreign currency (thousands)	Controlling share	Consolidation method
Epta International Kft	Budapest	Hungary	Euro	50	100	Global integration
Epta Argentina S.A.	Rosario	Argentina	ARS	1,157,970	100	Global integration
Epta Chile S.A.	Santiago	Chile	CLP	32,734	100	Global integration
Epta Andina S.A.	Baranquilla	Colombia	COP	184,483	100	Global integration
Epta Costa Rica Ltda	Santa Ana	Costa Rica	CRC	100	100	Global integration
Epta Guatemala Sociedad anonima	Guatemala	Guatemala	GTQ	128	100	Global integration
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 Perù S.A.C.	Lima	Peru	PEN	1	99.9	Global integration
Kysor Warren Us Corporation	Columbus	USA	USD	-	100	Global integration
Epta Technical Services KSA LLC	Riyadh	Saudi Arabia	SAR	500	100	Global integration
Epta Australia PTY Ltd	Melbourne	Australia	AED	-	100	Global integration
Epta Qingdao Retail Equipment Co	Qingdao	China	CNY	89,518	100	Global integration
Epta Technical Services UAE LLC	Dubai	United Arab Emirates	AED	300	49	Global integration
Epta Refrigeration Philippine, Inc	Makati City	Philippines	PHP	124,795	100	Global integration
Epta Refrigeration (M) Sdn Bhd	Subang Jaya	Malaysia	MYR	250	100	Global integration
Sofrico S.A.R.L.	Dumbea	New Caledonia	CPF	1,000	82	Global integration

5.2 Methodological note

Company Name	Registered Office	Country	Currency	Share capital in foreign currency (thousands)	Controlling share	Consolidation method
Epta Asia Pte Ltd	Singapore	Singapore	Euro	312	100	Global integration
Iarp Asia Co., Ltd	Cha-Am	Thailand	THB	550,000	100	Global integration
Iarp Services Co., Ltd.	Bangkok	Thailand	THB	2,000	49	Global integration

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

Since 2010, we have been publishing an annual Sustainability Report, a document that not only shows the integration between economic, social and environmental sustainability implemented in the company's decision-making processes, strategy and governance, but also the way in which we interact with and involve our stakeholders who, directly or indirectly, are interested in the organization's activities.

The Integrated Financial Statements that, starting from this publication, replaces the Annual Financial Statements and the Sustainability Report, responds to the need to communicate a responsible path, made of sustainable conduct, practices and products, which we have been pursuing for years.

5.3 Guidelines and Reporting Process

This 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 have been collected.

The Sustainability Report has been prepared in accordance with the Sustainability Reporting Standards issued in 2016 by the Global Reporting Initiative (GRI), under the referenced option. New indicators issued in 2018 related to water and health and safety were also considered.

Although not part of the obligations dictated by Legislative Decree 254/2016, Epta 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 discussion, please refer to the materiality analysis and correlation table with the areas of Legislative Decree 256/2016.

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".

What's more, in view of the European Commission's proposal for a "CSRD" (Corporate Sustainability Reporting Directive) on corporate sustainability reporting (21 April 2021), Epta is constantly striving to improve corporate communication on sustainability and has set itself a list of objectives in order to contribute to the transition towards 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 boundary.

The reporting process was based on the company's existing information systems - management control, accounting, quality, environment, internal audit, safety, personnel management, etc. - which were integrated with specific data collection and analysis tools. - which have been integrated with specific data collection and analysis tools. The data was processed through point-in-time extractions and calculations and estimates were used to report specific information appropriately reported.

Below are the reporting principles adopted to define the content of the report.

Reporting Principles	Application Method
Stakeholder Engagement	Epta has identified its stakeholders (see stakeholder map) based on the most significant entities with which it comes into contact. Epta implements a series of practices and procedures designed to respond to the needs expressed by its stakeholders (see materiality map).
Sustainability Context	Epta considers and reports on the company's non-financial and sustainability performance considering the context in which it operates and the numerous ESG standards and regulatory references: Global Compact, SDGs, GRI.
Materiality	Epta periodically carries out a materiality analysis aimed at identifying the issues considered most relevant in terms of impact for both the organization and its stakeholders (through engagement activities).
Completeness	Epta reports on all material aspects that emerge from the materiality analysis and evaluates them according to their impact perimeters.

The 2021 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 2021 Integrated Financial Statements were approved by the Epta Board of Directors on 24/02/2022.

5.4 Reporting period

The information included in the Integrated Financial Statements refers to the period 01/01/2021 - 31/12/2021, unless otherwise indicated in the text, with a comparison with previous years.

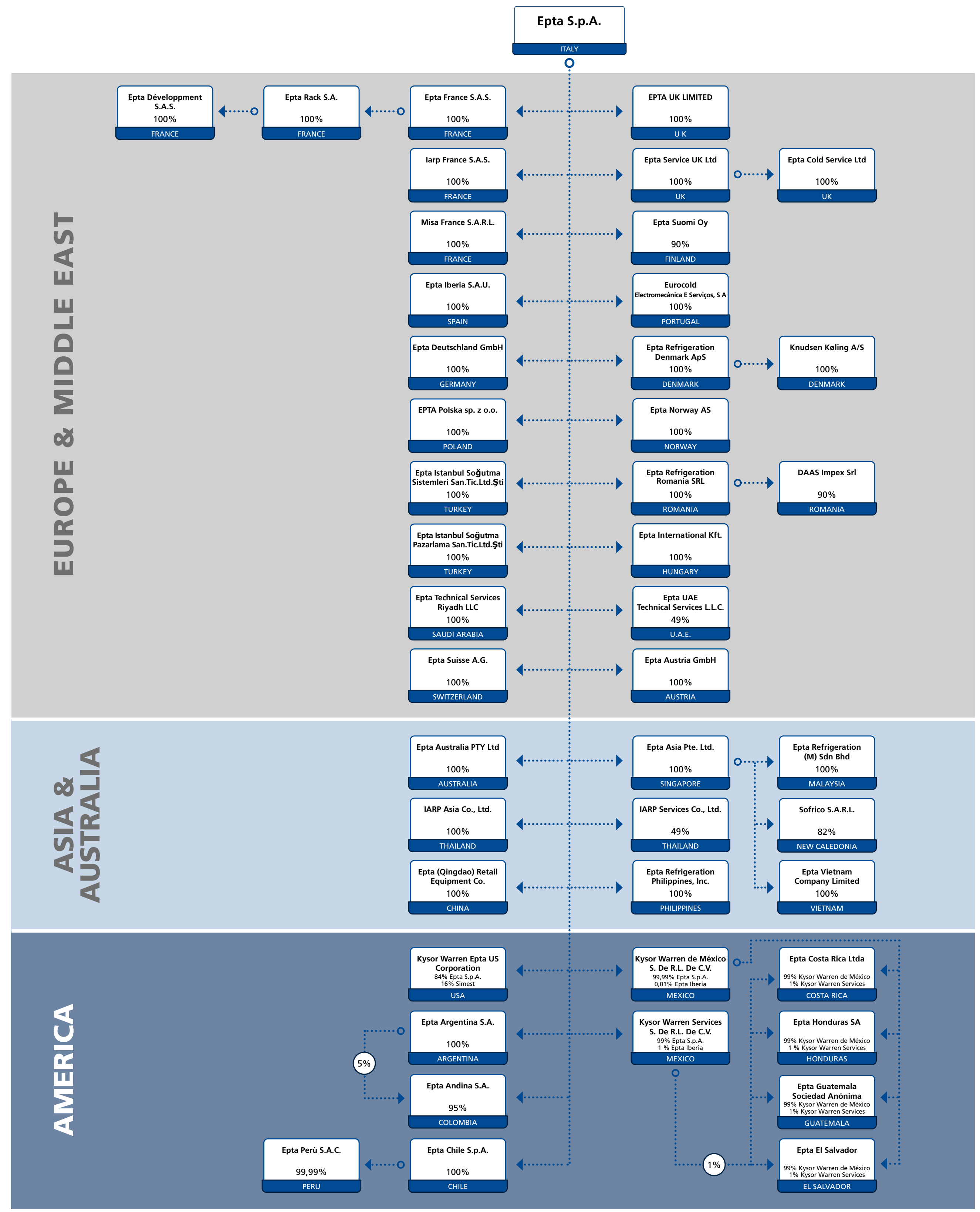
5.5 Reporting perimeter

The scope of the 2021 Integrated Financial Statements includes all companies within the Epta full scope of consolidation at 31 December 2021 as shown in the image below.

For the non-financial part of the financial statements, as they are not yet structured to systematically gather all the information required by GRI standards, all the Group's production sites and, in some respects, its main commercial offices have been considered.

Site	Country	Description
Epta S.p.A.	Italy	Headquarters
Epta Argentina	Argentina	Production site
Epta France	France	Production site
Epta S.p.A. - Casale	Italy	Production site
Epta S.p.A. - Limana	Italy	Production site
Epta S.p.A. Pomezia	Italy	Production site
Epta S.p.A. Solesino	Italy	Production site
Epta Istanbul	Turkey	Production site
Epta Qingdao	China	Production site
Epta UK	United Kingdom	Production site
IARP Thailand	Thailand	Production site
DASS	Romania	Commercial office
Epta Deutschland	Germany	Commercial office
Epta Iberia	Spain	Commercial office
Epta International	Hungary	Commercial office

Where limitations to the information reported occurred, they were appropriately noted throughout the text.



5.6 Table of GRI indicators

DISCLOSURE NUMBER	TITLE OF DISCLOSURE	REFERENCE IN THE TEXT	NOTES OR OMISSIONS
STRATEGY AND ANALYSIS			
102-14	Top Management Statement	Page 6	Letter from the President
ORGANIZATIONAL PROFILE			
102-1	Organization Name	Page 14	
102-2	Activities, brands, products and services	Page 20, 62	
102-3	Location of main offices	Page 164	
102-4	Countries of operation	Page 4	
102-5	Ownership structure and legal form	Page 14	
102-6	Markets served	Page 20	
102-7	Organization size	Page 19	
102-8	Employee and worker information	Page 91	
102-9	Supply Chain	Page 51	
102-10	Significant changes to the organization and its supply chain	Page 51	
102-11	Method of application of the principle or prudential approach	Page 36	
102-12	External initiatives	Page 82	
102-13	Memberships in associations	Page 57	
102-41	Collective bargaining agreements	Page 91	

CONTINUED

DISCLOSURE NUMBER	TITLE OF DISCLOSURE	REFERENCE IN THE TEXT	NOTES OR OMISSIONS
IDENTIFIED BOUNDARIES AND MATERIAL ASPECTS			
102-45	List of companies included in the consolidated financial statements	Page 170	
102-46	Definition of the contents of the report and of the perimeter of each aspect	Page 170	
102-47	List of material aspects	Page 42	
103-01	Material theme and its perimeter	Page 42	
103-02	Management mode and its components	Page 42	
102-48	Changes from the previous financial statements	Page 40	Involvement of other stakeholders
102-49	Significant changes in reporting	Page 41	New materiality matrix
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	Page 40	
102-42	Stakeholder identification and selection process	Page 40	
102-43	Stakeholder engagement approach	Page 40	
102-44	Key topics and criticalities emerged	Page 41	
DOCUMENT PROFILE			
102-50	Reporting period	Page 169	
102-51	Most recent report publication date	-	Last CSR Report published in March 2021
102-52	Reporting Periodicity	-	Annual reporting
102-53	Contacts for requesting information about the report	Page 184	
102-54	Statement on reporting option according to GRI Standards	Page 167	
102-55	GRI content table	Page 172	
102-56	External attestation	Page 176	

CONTINUED

DISCLOSURE NUMBER	TITLE OF DISCLOSURE	REFERENCE IN THE TEXT	NOTES OR OMISSIONS
GOVERNANCE OF THE COMPANY			
102-18	Governance Structure	Page 26	
ETHICS AND INTEGRITY			
102-16	Values, principles, standards and rules of conduct	Page 25, 38	
205-1	Operations assessed for corruption risks	Page 38	
205-2	Communication and training on anti-corruption policies and procedures	Page 38	
205-3	Established incidents of corruption and actions taken	-	The organization will define the methods and develop operating procedures following anti-corruption standards
415-1	Political contributions	-	Not given
418-1	Proven complaints regarding violations of customer privacy and loss of customer data	-	There are no reported breaches regarding privacy and/or customer data match
419-1	Non-compliance with social and economic laws and regulations	-	No non-compliance with laws and/or regulations was detected
ECONOMIC RESULTS			
201-1	Economic value directly generated and distributed	Page 79	
201-4	Financial assistance received from the government	Page 150	
INDIRECT ECONOMIC IMPACTS			
203-1	Infrastructure investments and funded services	Page 150	
ENVIRONMENTAL IMPACTS			
301-1	Materials used by weight and volume	Page 52	
302-1	Energy consumed within the organization	Page 100	
302-3	Energy intensity	Page 98	
302-4	Reduced energy consumption	Page 100	
302-5	Reducing the energy requirements of products and services	Page 100	
303-3	Water withdrawal	Page 101	
305-1	Direct GHG emissions (Scope 1)	Page 98	
305-2	Direct GHG emissions (Scope 2)	Page 98	
305-4	GHG emission intensity	Page 98	
306-3	Waste produced	Page 101	
306-4	Waste not intended for disposal	Page 101	
306-5	Waste for disposal	Page 101	
307-1	Non-compliance with environmental laws and regulations	-	No non-compliance with laws and/or regulations was detected

CONTINUED

DISCLOSURE NUMBER	TITLE OF DISCLOSURE	REFERENCE IN THE TEXT	NOTES OR OMISSIONS
SOCIAL IMPACTS			
402-1	Minimum notice periods for operational changes		The minimum notice period for operational changes is regulated by law and depends on the country in question.
403-1	Occupational health and safety management system	Page 61	
403-5	Occupational health and safety training for workers	Page 92	
403-9	Occupational accidents	Page 95	
404-1	Average hours of annual training per employee	-	11.8 hours for male staff, 13.9 for female staff.
405-1	Diversity in governance bodies and among employees	Page 28, 91	
405-2	Ratio of remuneration of women to men	-	This is governed by the laws of each country in which the organization operates.
406-1	Incidents of discrimination and corrective measures adopted	-	The organization has not identified any incidents of discrimination
411-1	Incidents of violations of indigenous peoples' rights	-	The organization has not identified any incidents or violations involving indigenous peoples' rights
413-1	Activities involving local communities	Page 86	
413-2	Activities with significant potential and current negative impacts on local communities	-	The organization has not identified any current or potential impacts that may affect local communities.
416-1	Assessment of health and safety impacts by product and service categories	Page 48	
416-2	Incidents of non-compliance involving health and safety impacts of products and services	-	The organization did not record this type of non-compliance.
417-1	Information and labeling requirements for products and services	Page 49	
417-3	Cases of non-compliance related to marketing and communication activities	-	No non-compliance with laws and/or regulations was detected

5.7 Auditors Reports

Epta S.p.A.

Independent auditors' report on the
Integrated Report 2021

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

PBT/MMR/cpt - RC030242021BD0951

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Independent auditors' report on the Integrated Report 2021

To the Board of Directors of
Epta S.p.A.

We have been engaged to perform a limited assurance engagement on the Integrated Report of Epta S.p.A. (the "Company") for the year ended on December 31st, 2021.

Directors' responsibility on the Integrated Report

The Directors of Epta S.p.A. are responsible for the preparation of the Integrated Report in accordance with the "GRI Sustainability Reporting Standards (GRI Standards)" issued in 2016 by the GRI – Global Reporting Initiative, as described in the paragraph "Methodology" of the Integrated Report.

The Directors are responsible for that part of the internal control that they consider necessary in order to enable the preparation of a Integrated Report that is free from material misstatements, whether due to frauds or unintentional behaviors or events.

The Directors are also responsible for the definition of the objectives regarding the sustainability performance and the reporting of the achieved results, as well as for the identification of the stakeholders and the significant matters to report.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behaviour.

Our audit firm applies the International Standards on Quality Control 1 (ISQC Italia 1) and, consequently, maintains a quality control system that includes documented policies and procedures, regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the Integrated Report with the requirements of the GRI Standards. We conducted our work in accordance with the principles included in the "International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This standard requires the planning and execution of procedures in order to obtain limited assurance that the Integrated Report is free from material misstatement.

Therefore, the extent of work performed in our examination was lower than that required for a full examination in accordance with ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would have been identified during a reasonable assurance engagement.

The procedures performed on the Integrated Report were based on our professional judgement and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the Integrated Report, document analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed 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;

Bari, Bologna, Brescia, Cagliari, Firenze, Genova, Milano, Napoli, Padova, Palermo, Roma, Torino, Verona

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- comparison of economic and financial data included in the specific paragraph of the Integrated Report with those included in the Financial Statements of the Company;
- analysis of processes that support the generation, collection and management of data and information to the department responsible for the preparation of the Integrated Report. In particular, we have performed interviews and discussions with the management of Epta S.p.A. to gather information about the accounting and reporting systems used in preparing the Integrated Report, as well as on the internal control procedures supporting the gathering, aggregation, processing and transmission of data and information to the department responsible for the preparation of the Integrated Report.

Furthermore, for the most important information, taken into consideration the activities and the characteristics of the Company:

- with reference to the qualitative information contained in the Integrated Report, we carried out interviews and we have acquired supporting documentation to verify their consistency with the available evidence;
- with reference to quantitative information, we carried out both analytical procedures and limited checks to ascertain the correct aggregation of data on a sample basis.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Integrated Report of Epta S.p.A for the period ended on December 31st, 2021 is not prepared, in all material respects, in accordance with the "GRI Sustainability Reporting Standards (GRI Standards)" issued in 2016 by the GRI – Global Reporting Initiative, as stated in the paragraph "Methodology" of the Integrated Report.

Milan, March 9th 2022

BDO Italia S.p.A.

Paolo Beretta
Partner

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

Epta S.p.A.

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

Consolidated Financial Statements as at 31 December, 2021

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PBT/MMR/cpt - RC030242021BD0950

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Viale Abruzzi, 94
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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, 2021, income statement ,the statement of comprehensive income, the statement of changes in shareholders’ equity, the cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements give a true and fair view of the financial position of the Company as at December 31, 2021 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:

- 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 2021, 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 2021 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 2021 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, 9th March

BDO Italia S.p.A.

Paolo Beretta
Partner

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.


FLEISCH
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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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