

**STEVANATO GROUP S.P.A.**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021**



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**STEVANATO GROUP S.P.A.**

## **MANAGEMENT REPORT OF PARENT COMPANY AND CONSOLIDATED MANAGEMENT REPORT AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021**

### **Management report of parent company and consolidated management report**

As allowed by Italian law decree February 2, 2007, no.32, with which the EU directive 2003/51/CE has transposed in our legal system, the Company avails itself of the possibility of drawing up the Management Report of the parent company Stevanato Group S.p.A. and the Consolidated Management Report in a single document, included in the Consolidated Financial Statements. It is therefore specified that this Consolidated Management Report also contains all of the information required by Article 2428 of the Civil Code, with reference to the Financial Statements of Stevanato Group S.p.A.

It is specified that starting from the year ended December 31, 2020 the Consolidated Financial Statements of Stevanato Group has been prepared in accordance with the *International Financial and Reporting Standards* (IFRS) endorsed by the European Union. For information about the first-time adoption of IFRS by the Group, please refer to the paragraph “2.4 First-time adoption of IFRS” in the Accompanying Notes of Consolidated Financial Statements as at and for the year ended December 31, 2020. The Financial Statements of the parent company Stevanato Group S.p.A as at and for the year ended December 31, 2021 and 2020 instead are prepared in accordance with Italian generally accepted accounting principles (“Local GAAP”) as for the previous years.

As being required to draw up the Consolidated Financial Statements, the Company avails itself of the longer time for the approval of the Financial Statements within 180 days, as allowed by Article 2364, paragraph 2, of Civil Code.

### **Group activities**

Stevanato Group S.p.A. is headquartered in Italy and its registered office is located in via Molinella 17, Piombino Dese (Padova, Italy). The Group is active in the design, production and distribution of products and processes to provide integrated solutions for bio-pharma and healthcare, leveraging on constant investment and the selected acquisition of skills and new technologies to become a global player in the bio-pharma industry. Principal products are containment solutions, drug delivery systems, medical devices, diagnostic, analytical services, visual inspection machines, assembling and packaging machines, glass forming machines.

The Group has nine production plants for manufacturing and assembly of bio-pharma and healthcare products (in Italy, Germany, Slovakia, United States, Brazil, Mexico, and China), five plants for the production of machinery and equipment (in Italy and Denmark), two sites for analytical services (in Italy and United States) and two commercial offices (in Japan and the United States). Further, on October 4, 2021, the Group announced the start of construction of a new plant in Fishers, Indiana, United States. The Group is also continuing investment to expand production facilities in Piombino

Dese, Italy, where construction of a new building is underway. The global footprint allows to sell products and provide services in more than 70 countries worldwide.

The companies of the Group share the mission to create systems, processes and services that ensure the integrity of parental drug. Patients, pharmaceutical industries and final users are the focus of Group activities with the purpose to develop specific solutions for assuring the safety of patients and to reduce the total cost of the ownership of customers. Stevanato Group aspires to be recognized for its own excellence and intends to remain independent. The companies of Stevanato Group share these values: *a) trust and respect everyone; b) be accountable; c) be ethical always; d) listen and communicate with transparency and honesty; e) deliver results.*

Stevanato Group activities are organized in two segments, based on their specific products and services:

- *Biopharmaceutical and Diagnostic Solutions*, that consists of all of the products, processes and services developed and supplied for the containment and the delivery of drugs and biopharmaceutical reagents, as well as the production of diagnostic consumables;
- *Engineering*, which includes machines and technologies developed and supplied for supporting end-to-end production processes for pharmaceutical, biotechnological and diagnostic one (assembly, visual inspection, packaging and glass forming).

For further information, please refer to Company website: [www.stevanatogroup.com](http://www.stevanatogroup.com).

The data reported in this document, including some percentage values, have been rounded off with respect to the value in Euro units. Consequently, some totals in the tables do not coincide with the algebraic sum of the respective addends.

## Alternative performance indicators

In order to allow a better analysis about the management performance, additional economical and financial indicators are presented then those required by IFRS and by Local GAAP; these indicators have not considered as alternatives to those required by IFRS and by Local GAAP. In particular, the *Non-GAAP Measures* used in this report are:

- **EBITDA**: economic measurement used by the Group as financial target in internal reports and external presentations to financial and commercial partners; it is a useful unit of measure for the evaluation of operating performance at a Group level and at single business level too. This indicator is added to Operating Profit (EBIT). EBITDA is an intermediate economic measure that derives from EBIT, gross of depreciation, amortization, and any impairment of tangible and intangible assets;
- **Adjusted EBITDA**: it is calculated starting from EBITDA, adjusting of some infrequent revenues and costs, and which management considers do not reflect the normal course of the company's operating activities. Adjusted EBITDA is provided in order to present the performance of the business excluding the impact of some non-recurring components, which could alter the reading of the underlying performance and compromise the comparability of results between periods;
- **Adjusted EBITDA Margin**: it is calculated comparing the Adjusted EBITDA of a period and the revenues of the corresponding period;

- **Adjusted Operating Profit:** it is represented by the Operating Profit, adjusting of some infrequent revenues and costs, and which management considers do not reflect the normal course of the company's operating activities. Adjusted EBIT is provided in order to present the performance of the business excluding the impact of some non-recurring components, which could alter the reading of the underlying performance and compromise the comparability of results between periods;
- **Adjusted Operating Profit margin:** it is calculated as the compare between Adjusted Operating Profit of a period and the revenues of the corresponding period;
- **Net Working Capital:** is a measurement made by value of inventories, trade receivables, tax receivables and other receivables, from which is subtracted value of trade payables, tax payables and other liabilities;
- **Capital Employed:** is a measurement consists of value of net working capital to which is added the value of tangible and intangible assets, investments, other non-current receivables, deferred tax assets, and which is subtracted the value of deferred tax liabilities, employee benefits and provisions;
- **Net Financial Position:** this measurement is represented by financial liabilities minus cash and cash equivalents, as well as other financial assets;
- **Return On Invested Capital (ROIC):** is a measurement to measure the percentage return on invested capital, comparing operating profit to the sum of net financial position and equity.

## Tracing of performance adjusted indicators to reported indicators

The Directors decided to isolate in the performance Group analysis the non-recurring items reported in the table below, which indicate also the tracing of reported values, as applicable, to the adjusted values, with a brief description of the non-recurring items considered.

*For the year ended December 31, 2021*

(EUR million)	Group Net Profit	Income taxes	Net financial expenses	Share of profit of the associate	Operatin g Profit	Deprec.	EBITDA
<b>Reported indicators</b>	<b>134.3</b>	<b>31.4</b>	<b>(2.9)</b>	<b>(0.5)</b>	<b>162.2</b>	<b>56.4</b>	<b>218.6</b>
Restructuring and related charges	0.8	0.3	-	-	1.2	-	1.2
Incentive plans settlement	(5.1)	(4.8)	(0.0)	-	(9.9)	-	(9.9)
IPO costs	0.6	0.2	-	-	0.8	-	0.8
Out-of-cycle bonus to personnel	4.8	1.8	-	-	6.5	-	6.5
Foreign exchange loss for derivatives on IPO proceeds	3.3	1.0	(4.3)	-	-	-	-
Start-up costs U.S. plant	0.8	0.3	-	-	1.1	-	1.1

Gain from the sale of an associate	(12.3)	-	12.3	-	-	-	-
Patent Box	(7.6)	7.6	-	-	-	-	-
Provision for tax audit on previous years	0.9	(0.9)	-	-	-	-	-
<b>Non-recurring items</b>	<b>(13.8)</b>	<b>5.5</b>	<b>8.0</b>	<b>-</b>	<b>(0.3)</b>	<b>-</b>	<b>(0.3)</b>
<b>Adjusted indicators</b>	<b>120.5</b>	<b>36.9</b>	<b>5.1</b>	<b>(0.5)</b>	<b>161.9</b>	<b>56.4</b>	<b>218.3</b>

*For the year ended December 31, 2020*

(EUR million)	Group Net Profit	Income taxes	Net financial expenses	Share of profit of the associate	Operating Profit	Deprec.	EBITDA
<b>Reported indicators</b>	<b>78.6</b>	<b>17.7</b>	<b>6.9</b>	<b>(0.1)</b>	<b>103.1</b>	<b>54.1</b>	<b>157.2</b>
Non-recurring lawsuit	2.3	1.0	(0.5)	-	2.8	-	2.8
Non-recurring professional advice	0.2	-	-	-	0.2	-	0.2
Step-up in tax value of certain PPE	(7.9)	7.9	-	-	-	-	-
<b>Non-recurring items</b>	<b>(5.4)</b>	<b>8.9</b>	<b>(0.5)</b>	<b>-</b>	<b>3.0</b>	<b>-</b>	<b>3.0</b>
<b>Adjusted indicators</b>	<b>73.2</b>	<b>26.6</b>	<b>6.4</b>	<b>(0.1)</b>	<b>106.1</b>	<b>54.1</b>	<b>160.2</b>

During the year ended December 31, 2021, the Group recorded the following non-recurring items:

- EUR 1.2 million in restructuring and related charges for the consolidation of subsidiary Balda C. Brewer plants in California, U.S.;
- EUR 9.9 million recorded in general and administrative expenses as accrual reversal related to the early termination of incentive plans aimed at a limited number of key managers;
- EUR 0.8 million recorded in general and administrative expenses relating to the listing of Stevanato Group ordinary shares at New York Stock Exchange (NYSE);
- EUR 6.5 million related to out-of-cycle bonus to employees;
- EUR 4.3 million related to foreign exchange loss for derivative on IPO proceeds;
- EUR 1.1 million related to start-up costs to further the construction of a new plant in Fishers, Indiana, United States;
- EUR 12.3 million from the sale of a minority interest in the associate Swissfillon AG;

- EUR 7.6 million of tax saving related to the so-called “Patent Box Regime” for the financial years 2016-2020, from the reach of an agreement with the Italian Tax Agency;
- EUR 0.9 million related to a tax audit on fiscal year 2016.

As at and for the year ended December 31, 2020, EBITDA, Operating Profit and Group Net Profit resent in particular of +some costs considered as non-recurring, about a lawsuit with Clere BSD GmbH (actor) against Balda AG (defendant), a subsidiary of the Group, for the payment of some transferred cost due for the acquisition of a patent license by the defendant, where Clere obtained EUR 3,3 million, interest and legal expenses included. The lawsuit ended in 2020. Moreover, Net Profit has positively influenced by tax saving related to step-up of some machinery in application of the so-called “Decreto Agosto”; this decree permits to step-up the fiscal value of fixed assets paying a 3% one-off tax on the higher value and deducting future depreciation at a notional rate.

### **Performance indicators – Adjusted**

EUR million	For the years ended December 31,			
	2021	% on Net Sales	2020	% on Net Sales
<b>Group Net Profit</b>	<b>120.5</b>	<b>14.3%</b>	<b>73.2</b>	<b>11.1%</b>
Income taxes	36.9	4.4%	26.6	4.0%
Net financial expenses	5.1	0.6%	6.4	1.0%
Share of profit of the associate	(0.5)	(0.1%)	(0.1)	0.0%
<b>Adjusted Operating Profit</b>	<b>161.9</b>	<b>19.2%</b>	<b>106.1</b>	<b>16.0%</b>
<b>Adjusted Operating Profit Margin</b>	<b>19.2%</b>		<b>16.0%</b>	
Depreciation	56.4	6.7%	54.1	8.2%
<b>Adjusted EBITDA</b>	<b>218.3</b>	<b>25.9%</b>	<b>160.2</b>	<b>24.2%</b>
<b>Adjusted EBITDA Margin</b>	<b>25.9%</b>		<b>24.2%</b>	

### **Macroeconomic trend of 2021**

The recovery of the Euro Area economy continues and the labor market is improving further, thanks to the huge support of economic policies.

However, economic growth is likely to remain contained in the first quarter of 2022, given that the ongoing pandemic wave continues to weigh on economic activity. Strong uncertainty also derives from the conflict between Russia and Ukraine that broke out at the end of February 2022, the economic consequences of which are already serious despite the situation remains very fluid.



The scarcity of materials, equipment and labor still holds back production in some sectors. The high costs of energy affect household incomes and the profits of companies in the Euro Area and are likely to produce a containment of expenditure. The prices of energy and commodities, including wheat and other cereals, have risen, increasing inflationary pressures due to supply chain disruptions following the outbreak of the war in Ukraine and the persistence of the COVID-19 pandemic.

With reference to energetical sources, the existing conflict between Russia and Ukraine and the economic and financial sanctions imposed by the European Union, the United States, the United Kingdom and other countries and organizations against officials, individuals, regions and industries in Russia, Ukraine and Belarus could negatively impact the supply of gas and other hydrocarbons at reasonable prices. The evolving conflict and sanctions applied to Russia are also expected to have a substantial impact on the global economy and financial markets, with significant spillovers on other countries.

The International Monetary Fund (IMF) notes that the sanctions announced against the Central Bank of the Russian Federation will severely restrict its access to international reserves to support the monetary and financial system. The simultaneous exclusion of several banks from the Swift system has significantly disrupted Russia's ability to receive payments for exports, pay for imports and engage in cross-border financial transactions. Countries that have very close economic ties with Ukraine and Russia - the IMF continues - are particularly at risk of supply shortages and disruptions and are the hardest hit by the growing influx of refugees.

With reference to the 2021, economic activity continued to show good resilience in the fourth quarter. Robust economic growth was reported towards the end of 2021, even if the expansion of trade remained modest.

Even without new stops in port activity related to the containment of COVID-19 outbreaks, the international logistics system remains under stress.

Bottlenecks along supply chains have shown timid signs of easing, although the emergence of the Omicron variant of the coronavirus (COVID-19) and possible staff absences due to the pandemic could make them prone to further disruption and pose risks to the world economic activity in the short run. Global inflation continued to rise in the face of energy price rises and an increase in price pressures in the various sectors.

After overall inflation in the United States had already reached very high levels in the first half of 2021, inflation in the Euro Area also recorded a very rapid increase in the second half of the year, settling at 5% in December 2021, while remaining below the U.S. figure.

Energy prices continue to represent the main determinant of the high rate of inflation. The supply-side bottlenecks and world-wide increases in commodity prices, reinforced by the depreciation of the Euro, are affecting the production costs of companies that have adjusted prices more frequently than in the past to avoid margin squeezing.

In the last quarter of 2021, real GDP growth in the Euro Area slowed after two quarters of strong expansion, nevertheless reaching the pre-pandemic level at the end of 2021. Short-term indicators and published national data suggest that domestic demand made a positive contribution, against a substantially neutral contribution from net trade. Overall, GDP is estimated to have increased by 5.2% in 2021, after the 6.4% decline recorded in 2020.

Labor market conditions are further improving, although wage dynamics remain subdued overall. Over time, the economy's return to full capacity utilization should support faster wage growth.

The rates on bank credit to businesses and households continue to remain at historically low levels and the financing conditions for the economy remain favorable. The demand for loans from businesses has increased considerably in the last quarter of 2021. This increase is attributable to the higher needs for working capital, due to supply-side bottlenecks, and to the greater financing of longer-term investments.

The US economy reemerged from the recession caused by COVID-19 in a few months, and GDP recovered to pre-pandemic levels as early as mid-2021. This result was achieved thanks to the support for aggregate demand provided by fiscal measures for USD 5.3 trillion (25.4% of GDP), introduced even when the recession was already technically over (two packages for a total of USD 2.6 trillion approved between the end of 2020 and the beginning of 2021). The offer, on the other hand, was held back by bottlenecks and problems in global logistics, as well as by the failure to resume participation in the workforce. The 2022 scenario will depend on the duration and extent of excess demand and the persistence of the increase in inflation (equal to 7% in December 2021). In this phase of excess demand, wages and prices are the focus of the adjustment. The labor market is under pressure, with a shortage of manpower that slows down service activity and pushes wages up.

In China, the expansionary momentum remains fragile. In the fourth quarter of 2021, Chinese GDP growth rose to 1.6% on the previous quarter, an increase that brings growth over the twelve months in 2021 to 8.1%. Monthly indicators, however, point to a slowdown in activity economic. Retail sales remained modest towards the end of the year, underlining the difficulty of bringing consumption back to pre-pandemic levels, in the context of China's rigorous COVID-19 containment strategy. The emergence of the Omicron variant is posing risks for growth in the short term. If an intensification of the pandemic provokes an increase in contagion rates, China's zero-Covid strategy could lead to significantly stricter containment measures, which would further burden economic activity.

*(Source: European Central Bank).*

## Consolidated companies

The parent company direct or indirect (through the subsidiaries Stevanato Group International a.s. and Balda Medical GmbH) controls the following companies:

Name	Segment	Description	Country of incorporation	Type of control	% equity interest of	
					2021	2020
Nuova Ompi S.r.l.	Biopharmaceutical	Production of container closure systems and development of integrated solutions for the pharmaceutical industry	Italy	Direct	100%	100%
Spami S.r.l.	Engineering	Production of plant and machinery	Italy	Direct	100%	100%
Stevanato International a.s.	Group Biopharmaceutical	Service/Subholding company	Slovakia	Direct	100%	100%
Medical Glass a.s.	Biopharmaceutical	Production of container closure systems	Slovakia	Indirect	99.74%	99.74%
Stevanato Group N.A. S. de RL de CV	Biopharmaceutical	Service company	Mexico	Indirect	100%	100%

Ompi N.A. S. de RL de CV	Biopharmaceutical	Production of container closure systems	Mexico	Direct	30.76%	30.76%
				Indirect	69.24%	69.24%
Ompi of America inc.	Biopharmaceutical	Sale of container closure systems	USA	Indirect	100%	100%
Ompi do Brasil Industria e Comercio de Embalagens Farmaceutica Ltda	Biopharmaceutical	Production of container closure systems	Brazil	Direct	79%	79%
				Indirect	21%	21%
Ompi Pharmaceutical Packing Technology Co. Ltd	Biopharmaceutical	Production of container closure systems	China	Indirect	100%	100%
Innoscan A/S	Engineering	Production plant and machinery	Denmark	Indirect	100%	100%
SVM Automatik A/S	Engineering	Production plant and machinery	Denmark	Indirect	100%	65% *
Medirio SA	Biopharmaceutical	Research and development	Switzerland	Indirect	100%	100%
Balda Medical GmbH	Biopharmaceutical	Production of in-vitro diagnostic solutions	Germany	Direct	100%	100%
Balda C. Brewer Inc.	Biopharmaceutical	Production of in-vitro diagnostic solutions	USA	Indirect	100%	100%
Balda Precision Inc.	Biopharmaceutical	Production of metal components	USA	Indirect	100%	100%
Ompi of Japan Co., Ltd.	Biopharmaceutical	Sale of container closure systems	Japan	Direct	51%	51%

\* Not included in minority interests as there is a put and call option for full acquisition (the minority interests would have amounted to 35%). On October 7, 2021 the Group purchased the remaining interest equal to 35% of the share capital.

Companies consolidated with equity method:

Name	Segment	Description	Country of incorporation	Type of control	% equity interest	
					2021	2020
Swissfillon AG	Biopharmaceutical	Sterile filling services	Switzerland	Associate	0.0%	26.94%

On October 22, 2021, the Group sold its minority interest in the associate company Swissfillon AG, which since this date has not been accounted for using the equity method anymore.

## Relevant facts and circumstances during the year

The Research and Innovation activity for consolidating products, technologies and services portfolio for the biopharmaceutical and diagnostic market, with reference in particular to high-value solutions and to drug delivery systems (DDS), continued regularly during 2021, without any interruption due to COVID-19.

During the year, Stevanato Group S.p.A. revised the incentive policies reserved for a limited number of executives and key resources of the Group, designing a new incentive system consistent with the growth objectives and the new public company structure. The approval of the new incentive plan, called "Restricted Stock Grant Plan 2021-2027", resulted in the simultaneous early termination of the previous plans and the consequent release to the income statement of costs previously accrued for EUR 9.9 million. The plan, valid for the period between 1 January 2021 and 31 December 2026, is divided into three two-year periods (vesting period) at the beginning of each of which the beneficiaries will be assigned a certain number of ordinary shares of Stevanato Group S.p.A. free of charge. The determination of the shares assigned is conditional to the achievement by the end of each vesting period of specific objectives set out on the economic and financial performance of the Group. The assigned shares shall be registered to a Trustee company and shall be subject to the prohibition to sell and to the selling commitment in accordance to a one-year lock-up period. If the employment relationship with the beneficiary ceases or the objectives set out in the plan are not achieved, the recipients of the plan will be obliged to resell to Stevanato Group S.p.A. the shares assigned to them for the relevant vesting period. On the contrary, in the event that predetermined over-performance objectives are achieved, the beneficiaries will be assigned, free of charge, an additional number of shares subject to the same limitations described above.

In March 2021, the Group reached an agreement with the Italian Tax Agency regarding the so-called "Patent Box regime", with a retroactive tax saving of EUR 7.6 million for the fiscal years 2016-2020.

On July 16, 2021, Stevanato Group began trading on the New York Stock Exchange under the symbol STVN. On July 20, 2021, upon completion of the initial public offering, the Group received net proceeds for a total of EUR 367.8 million, after deducting discounts and subscription fees, other listing expenses, consultancy costs and the effects linked to the hedging derivative entered to reduce the risk of fluctuations in the EUR / USD exchange rate in connection with the repatriation of the IPO proceeds. On August 18, 2021 the underwriters purchased from the Company further n. 712,796 newly issued ordinary shares bringing the total net primary proceeds from the offer, including over-allotment, to EUR 380.1 million.

In relation to the listing operation and to reward the efforts made in the previous 12 months by employees, in consideration of the persistence of the COVID-19 pandemic, the Group paid a out-of-cycle bonus of EUR 6.5 million in the third quarter of 2021.

In order to meet to the growing demand for glass containers for pharmaceuticals, in particular for EZ-Fill® products, the Group started in 2021 the expansion of the production plants in Piombino Dese, Italy, where the construction of a new building is in progress.

On October 4, 2021, the Group announced the construction of a new EZ-Fill® hub in Fishers, Indiana, United States. The manufacturing facility, scheduled to be operational in late 2023 or early 2024, will allow the Group to be closer to biopharma customers in North America and to provide them with an additional source of supply. The facility will house production lines equipped with advanced process technologies to produce EZ-Fill® syringes and vials, which are part of

the Group's high-value product suite. In line with customer demand and as a result of increased production capacity, the Group expects to better respond to customer needs with regards to biological and vaccine treatments. The Indiana hub will also house after-sales support services that will be dedicated to serving North American Engineering customers, offering technical support and maintenance for visual inspection, assembly and packaging equipment. Initial forecasts estimated the plant to have a maximum size of about 34,374 square meters and with over 230 new full-time jobs once production is fully operational.

As part of this investment project, in February 2022, the Group entered into an agreement with the Biomedical Advanced Research and Development Authority (BARDA), which is part of the United States Department of Health and Human Services through its partnership with the United States Department of Defense. Under the agreement, BARDA will make a multi-year investment of up to approximately USD 95 million to increase the production capacity of standard and EZ-Fill® vials to support national defense preparedness programs for public health emergencies, current and future of the United States. The decision to follow a modular approach in investment management will allow the Group to be flexible in modifying or changing production capacity to meet market demand.

On October 7, 2021, the sub-holding Stevanato Group International A.S. purchased the remaining 35% of the share capital of SVM Automatik A / S paying a total consideration of EUR 7 million. In the consolidated financial statements, this investment was already 100% consolidated by virtue of a put & call option in place with the minority shareholder.

On October 22, 2021, the sub-holding Stevanato Group International A.S. signed the share purchase agreement for the sale and transfer of all the shares held in the associated company Swissfillon AG for approximately CHF 15.8 million, realizing a capital gain equal to EUR 12.3 million.

In December 2021, the Group signed the contract for the acquisition of an existing facility in Zhangjiagang, China, for a new productive plant where renovations are expected to begin in the spring of 2022. The size of the facility is expected to begin of production will be approximately 31,959 square meters and it is estimated that the plant will create approximately 270 new full-time jobs.

The new plant is located near the existing headquarters in China, which will also undergo modernization works (it is planned to expand the current production of standard containment solutions in Zhangjiagang, increasing the size of the existing facility by approximately 6,968 square meters). The new plant should allow the Group to increase the capacity and production of pre-sterilized EZ-fill® syringes and vials; current estimates predict that the first EZ-fill® lines will begin production in early 2024. The new site will also house an area to produce visual inspection machines and glass forming lines. Machinery production is currently estimated to start in 2023.

In addition to the aforementioned investment agreements, on 23 February 2022 Nuova Ompi signed the preliminary contract for the purchase of a brownfield in Latina (Italy) near the existing plant for a total consideration of approximately EUR 16 million. After the renovation, the facility is expected to produce EZ-fill® syringes and vials..

During the year, internal programs for improving production efficiency (STEPS) go on, and for enforcing quality system to maintain the high reputation of Stevanato Group in the market.

## Revenue trend

The Group revenues are represented through these divisions, based on the segments identified:

- *Biopharmaceutical and Diagnostic Solutions*: includes all the products and services developed and provided for containment and delivery of pharmaceutical drugs and diagnostic reagents. This segment is further divided into two sub-categories:
  - o *High-value solutions*: wholly owned, internally developed products, processes and services for which the Group holds intellectual property rights or has strong proprietary know-how and are characterized by particular complexity or high performance;
  - o *Other containment and delivery solutions*.
- *Engineering*: includes all the equipment and technologies developed and provided to support the end-to-end pharmaceutical and diagnostic manufacturing processes.

Consolidated revenues at effective exchange rates as at and for the year ended December 31, 2021 and 2020 split for segments are the following (in EUR million):

EUR million	For the years ended December 31,			
	2021	2020	Variance	Variance %
Biopharmaceutical and Diagnostic Solutions	694.0	564.9	129.1	22.9%
Engineering	149.9	97.1	52.8	54.3%
<b>Total Revenues</b>	<b>843.9</b>	<b>662.0</b>	<b>181.9</b>	<b>27.5%</b>

Revenues at constant exchange rate increase by EUR 181.9 million, or 27.5%, to EUR 843.9 million for the year ended December 31, 2021, from EUR 662.0 million in 2020. The increase is mainly due to the growing share of sales of *High-value solutions* for the *Biopharmaceutical and Diagnostic Solutions* segment, and the growing sales of the *Engineering* segment. For the year ended December 31, 2021, it is estimated that sales relating to COVID-19 are equal to 14.7% of total revenues against an estimate of 5.5% for the previous year (it should be noted that sales linked to COVID-19 only involved the *Biopharmaceutical and Diagnostic Solutions* segment).

The variance in the EUR / USD exchange rate had negative impacts during the year ended December 31, 2021. Excluding this effect, consolidated revenues at constant exchange rates increased by 28.2%

External customers' revenues in the *Biopharmaceutical and Diagnostic Solutions* segment increase overall by 22.9% (EUR 129.1 million) mainly due to the increase in the sales volumes of the *High-value solutions*, as detailed in the table below. The general increase in demand for *Other containment solutions* has also contributed to the growth of the segment revenues.

About the *Engineering* segment, the revenue increase about EUR 52.8 million (+54.3%) is due to the growth in all business lines.

Consolidated revenues at effective exchange rates at and for the year ended December 31, 2021 and 2020 split for type of product are (in EUR million):

EUR million	For the years ended December 31,			
	2021	2020	Variance	Variance %
Revenues from sale of <i>High-value solutions</i>	207.8	146.3	61.5	42.0%
Revenues from sale of <i>Other containment and delivery solutions</i>	486.2	418.6	67.6	16.2%
Revenues from sale of <i>Engineering</i>	149.9	97.1	52.8	54.3%
<b>Total Revenues</b>	<b>843.9</b>	<b>662.0</b>	<b>181.9</b>	<b>27.5%</b>

For the year ended December 31, 2021, revenues from sale of *High-value solutions* increase to EUR 61.5 million (+42.0%), reflecting the Group efforts for increasing the weight of this type of products. *Other containment and delivery solutions* revenues grow by 16.2% (EUR 67,6 million), reflecting the increased demand for these products.

The revenues from *Engineering* segment increase by EUR 52.8 million (+54.3%), mainly for the growth in all business lines (glass forming machines, visual inspection machines, assembling and packaging machines). Revenues increase of further EUR 5.9 million due to the growth in after-sales services.

The consolidated revenues at effective exchange rates as at and for the year ended December 31, 2021 and 2020 split for geographical area are (in EUR million):

EUR million	For the years ended December 31,			
	2021	2020	Variance	Variance %
EMEA	493.5	398.1	95.4	23.9%
APAC	117.7	67.1	50.6	75.4%
North America	207.0	174.9	32.1	18.3%
South America	25.7	21.8	3.9	17.8%
<b>Total Revenues</b>	<b>843.9</b>	<b>662.0</b>	<b>181.9</b>	<b>27.5%</b>

During 2021, revenues at effective exchange rates show an increase by 18.3% in North America, by 23.9% in EMEA, by 75.4% in APAC and by 17.8% in South America. Revenues increase in North America e in the APAC-zone, reflects the Group recent efforts about international expansion. It is specified that the revenues in this scheme have been exposed considering the final sale destination.



## Results for operating segment

As required by IFRS 8, Group activities are divided for activities sectors. The operating segments are individuated for their specific products and services:

- *Biopharmaceutical and Diagnostic Solutions*, which includes containment solutions, drug delivery systems, medical devices and diagnostic & analytical services;
- *Engineering*, which covers visual inspection, assembly packaging and glass forming machines.

This division is consistent with the analytical and management instruments used by the Chief Executive Officer (the Group's "Chief Operating Decision Maker") in making strategic and for the assessment of performance, as well as aggregation criteria and quantitative threshold as per *IFRS 8 – Operating Segments*.

For further information about operating segments please refer to the paragraph "5. Segment Information" of Financial Statements as at and for the year ended December 31, 2021.

Group economical results for each operating segment are resumed in the table below:

EUR million	For the year ended December 31, 2021				For the year ended December 31, 2020			
	<i>Biopharmaceutical and Diagnostic Solutions</i>	<i>Engineering</i>	<i>Adjustments, eliminations and unallocated items</i>	<i>Consolidated</i>	<i>Biopharmaceutical and Diagnostic Solutions</i>	<i>Engineering</i>	<i>Adjustments, eliminations and unallocated items</i>	<i>Consolidated</i>
Net Sales	695.2	218.9	(70.1)	<b>843.9</b>	566.0	153.4	(57.4)	<b>662.0</b>
Variance 2021/2020	129.1	65.4	(12.7)	<b>181.9</b>				
Variance %	22.8%	42.6%	22.1%	<b>27.5%</b>				
Gross Profit	229.9	42.3	(6.7)	<b>265.4</b>	167.6	32.1	(5.5)	<b>194.2</b>
Variance 2021/2020	62.3	10.2	(1.2)	<b>71.2</b>				
% margin on Net Sales	33.1%	19.3%	9.6%	<b>31.4%</b>	29.6%	20.9%	9.6%	<b>29.3%</b>



Operating Profit	149.1	22.9	(9.7)	<b>162.2</b>	102.6	16.6	(16.1)	<b>103.1</b>
<i>Variance 2021/2020</i>	46.4	6.3	6.4	<b>59.1</b>				
<i>% margin on Net Sales</i>	21.4%	10.5%	13.9%	<b>19.2%</b>	18.1%	10.8%	28.1%	<b>15.6%</b>

Inter-segment revenues and costs are eliminated upon consolidation and reflected in the “*adjustments, elimination and unallocated items*” column. The most relevant adjustment in revenues relates to the sales of the Engineering’s equipment to the *Biopharmaceutical and Diagnostic Solutions* segment.

Revenues increase by 22.8% (EUR 129,1 million) in *Biopharmaceutical and Diagnostic Solutions* segment is mainly driven by the growth in *High-value solutions*. Gross profit of this segment increases from 29.6% in 2020 to 33.1% in 2021 due to the increase in sales volume of premium priced *High-value solutions* and production efficiencies.

With reference to *Engineering* segment, the EUR 65.4 million increase in revenues (+42.6%) is due to the growth in all business lines. Gross profit of this segment decreases to 19.3% in 2021 from 20.9% in 2020 which was bolstered by highly accretive short-term projects that were completed under accelerated timeframes in the last quarter of the year.

## Consolidated income statements – Reported data

EUR million	For the years ended December 31,			
	2021	% Net Sales	2020	% Net Sales
<b>Net Sales</b>	<b>843.9</b>	<b>100.0%</b>	<b>662.0</b>	<b>100.0%</b>
<i>Variance 2021/2020</i>	27.5%			
Cost of Sales	(578.5)	(68.6%)	(467.9)	(70.7%)
<b>Gross Profit</b>	<b>265.4</b>	<b>31.4%</b>	<b>194.2</b>	<b>29.3%</b>
<i>Variance 2021/2020</i>	36.7%			
Other operating income	9.4	1.1%	5.2	0.8%
Selling and Marketing expenses	(20.4)	(2.4%)	(20.0)	(3.0%)
Research and Development expenses	(29.6)	(3.5%)	(17.4)	(2.6%)

General and Administrative expenses	(62.5)	(7.4%)	(58.9)	(8.9%)
<b>Operating Profit</b>	<b>162.2</b>	<b>19.2%</b>	<b>103.1</b>	<b>15.6%</b>
<i>Variance 2021/2020</i>	<i>57.3%</i>			
Finance income	21.7	2.6%	14.9	2.3%
Finance expense	(18.8)	(2.2%)	(21.8)	(3.3%)
Share of profit of an associate	0.5	0.1%	0.1	0.0%
<b>Profit before tax</b>	<b>165.7</b>	<b>19.6%</b>	<b>96.3</b>	<b>14.5%</b>
Income taxes	(31.4)	(3.7%)	(17.7)	(2.7%)
<b>Net Profit</b>	<b>134.3</b>	<b>15.9%</b>	<b>78.6</b>	<b>11.9%</b>
Attributable to non-controlling interests	0.1	0.0%	(0.1)	(0.0%)
<b>Net Profit attributable to equity holders of the parent</b>	<b>134.3</b>	<b>15.9%</b>	<b>78.5</b>	<b>11.9%</b>

As required by IAS 1, in the Consolidated Financial Statements the Income Statement is presented on *Cost of Goods Sold* structure, in which costs are detailed as per function (Analysis of expenses by function). According to IAS 1 requirements, the necessary details related to the nature of the costs are reported in the Accompanying Notes of the Financial Statements.

Gross profit increase by EUR 71.2 million (+36.7%), going from EUR 194,2 million for the year ended December 31, 2020 to EUR 265.4 million for the year ended December 31, 2021. This increase was mainly driven by our *Biopharmaceutical and Diagnostic Solutions* segment due to the sales growth of *High-value solutions*, to the general increase in products and services demand, partially due to the COVID-19 pandemic, and a decreased cost of sales margin on net sales as a result of the efforts for maximizing the production efficiency. The increasing of *Biopharmaceutical and Diagnostic Solutions* segment's gross profit has more than offset the slight decrease of margin observed for the *Engineering* segment.

The other operating income, which includes all revenue from customers not derived from the sale of our products, services and solutions such as revenue from feasibility studies, design, development and industrialization of new products, increase by EUR 4.2 million (79.5%), from EUR 5,2 million for the year ended December 31, 2020 to EUR 9.4 million for the year ended December 31, 2021. Other operating income represents a minor part of our income and its amount varies yearly depending on the specific business agreements in place.

Selling and marketing expenses increase by EUR 0.4 million (+2.0%), from EUR 20.0 million for the year ended December 31, 2020 to EUR 20.4 million for the year ended December 31, 2021. This increase is due mainly to the higher personnel costs to support the ongoing growth in our business as well as an increase in consultancies and marketing costs related to travels and trade fairs, partially restarted after the stop experienced in 2020 as a consequence of COVID-19 pandemic. This increase has been partially offset by the release of bad and doubtful debt provision following the improvement of some positions with external customers.

Research and development expenses increase by EUR 12.2 million (+70.3%), from EUR 17.4 million for the year ended December 31, 2020 to EUR 29.6 million for the year ended December 31, 2021. This increase, which reflects our strategy to focus on innovation and an increasingly higher mix of our “high-value” premium products and strengthen our market position. In particular, the increase for the year ended December 31, 2021 is primarily due to the expenses related to structuring our Drug Delivery Systems Department and developing our US Technology Excellence Center which became fully operational after the start-up phase in 2020, as well as an increase in personnel expenses due to new hires to sustain and progress the R&D activities launched at group level.

General and administrative expenses increase by EUR 3.6 million (+6.2%), from EUR 58.9 million for the year ended December 31, 2020 to EUR 62.5 million for the year ended December 31, 2021.

The increase is mainly due increased consultancy and insurance costs connected to being a listed company as well as the increase in depreciation and amortization for the new ERP (*Enterprise Resource Planning system*) release in some companies of the Group. General and administrative expenses include some non-recurring items such as the release of EUR 9.9 million accrual related to cash settled awards under incentive plans 2012-2021 and 2018-2021 (early terminated in favor of the new 2021-2027 stock grant plan ), partially offset by (i) the non-recurring out-of-cycle bonus to personnel amounting to EUR 6.5 million and by (ii) the costs relating to the listing of Stevanato Group shares on NYSE amounting to amounting to EUR 0.8 million and (iii) by start-up costs related to the new U.S. facility in Indiana amounting to EUR 0.4 million. Please refer to the paragraph “31. Employees Benefits” of the Consolidated financial statements for further details on incentive plans.

Finance expenses, net of finance income, decrease by EUR 9.8 million (-141.9%), from a net expense amounting to EUR 6.9 million for the year ended December 31, 2020 to a net income amounting to EUR 2.9 million for the year ended December 31, 2021. For the year ended December 31, 2021, net financial expense is impacted by a non-recurring gain from the sale of a minority interest in the associate Swissfillon AG amounting to EUR 12.3 million, and by a non-recurring loss amounting to EUR 4.3 million related to a derivative a derivative financial instrument entered into to reduce the risk of fluctuations in the EUR/USD exchange rate in relation to the IPO proceeds.

Income taxes increase by EUR 13.7 million (+77.6%) from EUR 17.7 million for the year ended December 31, 2020 to EUR 31.4 million for the year ended December 31, 2021. In particular, current taxes decrease by EUR 1.1 million because of the application of the so-called “Patent Box regime”, resulting in a retroactive tax saving of EUR 7.6 million for the financial years 2016-2020, as per the mandatory agreement with the Italian Tax Agency. Deferred taxes show a cost amounting to EUR 2.9 million compared to the EUR 11.8 million benefit of the previous year, mainly due to the step-up in the tax value of certain assets. For the year ended December 31, 2021 the tax expense is mainly due to (i) differences in tax value compared to the book value of certain assets and liabilities for EUR 4.3 million, (ii) the non-recurring reversal of deferred tax assets amounting to EUR 4.8 million following the termination of 2012-2021 and 2018-2022 incentive plans that were replaced by new stock grant plan, (iii) the recognition of EUR (6.3) million of deferred tax assets on tax losses and (iv) deferred tax liabilities on retained earnings for EUR 0.1 million

## Principal financial data

The next is the reclassified Consolidated Statement of Financial Position compared with the previous year (in EUR million):

### **Consolidated Statement of Financial Position – Reported data**

EUR million	December 31, 2021	December 31, 2020	Variance
- Goodwill and other intangible assets	79.2	81.1	(1.9)
- Right of use assets	22.7	25.4	(2.7)
- Property, plant and equipment	392.7	313.7	79.0
- Investments in associate	-	2.0	(2.0)
- Financial assets – investments FVTPL	1.1	0.8	0.3
- Other non-current financial assets	1.3	5.4	(4.1)
- Deferred tax assets	55.9	45.6	10.3
<b>Non-current assets</b>	<b>552.9</b>	<b>473.9</b>	<b>79.0</b>
- Inventories	148.9	139.4	9.5
- Contract assets	62.1	39.4	22.7
- Trade receivables	165.3	127.8	37.5
- Trade payables	(164.8)	(118.7)	(46.1)
- Advances from customers	(23.6)	(48.4)	24.8
- Contract liabilities	(18.8)	(5.0)	(13.8)
<b>Trade working capital</b>	<b>169.1</b>	<b>134.5</b>	<b>34.6</b>
- Tax receivables and other receivables	51.4	29.0	22.4
- Tax payables and other liabilities	(85.3)	(62.8)	(22.5)
<b>Net working capital</b>	<b>135.3</b>	<b>100.7</b>	<b>34.6</b>
- Deferred tax liabilities	(19.1)	(11.6)	(7.5)
- Employees benefits	(11.9)	(29.7)	17.8
- Provisions	(3.5)	(4.4)	0.9
- Other non-current liabilities	(1.8)	(1.8)	-
<b>Total non-current liabilities and provisions</b>	<b>(36.3)</b>	<b>(47.5)</b>	<b>11.2</b>

<b>Capital employed</b>	<b>651.9</b>	<b>527.0</b>	<b>124.9</b>
<b>Net debt</b>	<b>189.8</b>	<b>(216.9)</b>	<b>406.7</b>
<b>Equity</b>	<b>(841.7)</b>	<b>(310.1)</b>	<b>(531.6)</b>
<b>Total equity and net debt</b>	<b>(651.9)</b>	<b>(527.0)</b>	<b>(124.9)</b>

The increase of property, plant and equipment, such as in the previous year, is related to the investments the Group continues during 2021. The increase of property, plant and equipment is EUR 116.6 million, of which 80.9% in order to sustain the growth strategy of the Group.

The increase of equity is mainly due to the listing of Stevanato Group at New York Stock Exchange, which resulted in the share capital increase from EUR 20.0 million to EUR 21.7 million and the posting of a share premium reserve amounting to EUR 389.3 million.

For more clarity, the Net working capital is set out below compared to Net sales:

#### **Net working capital**

EUR million	<b>December 31, 2021</b>	<b>% Net Sales</b>	<b>December 31, 2020</b>	<b>% Net Sales</b>
Trade receivables	165.3	19.6%	127.8	19.3%
Inventories and contract assets	211.1	25.0%	178.8	27.0%
Trade payables	(164.8)	(19.5%)	(118.7)	(17.9%)
Advances from customers and contract liabilities	(42.4)	(5.0%)	(53.4)	(8.1%)
<b>Trade working capital</b>	<b>169.1</b>	<b>20.0%</b>	<b>134.5</b>	<b>20.3%</b>
Other net receivables (liabilities)	(33.8)	(4.0%)	(33.8)	(5.1%)
<b>Net working capital</b>	<b>135.3</b>	<b>16.0%</b>	<b>100.7</b>	<b>15.2%</b>

As at December 31, 2021, Net working capital on Net Sales is substantially in line with the amount as at December 31, 2020. Despite the increase of revenues, trade receivables are in line, mainly for the reduction of expired receivables, and their incidence on sales goes from 19.3% as at December 31, 2020 to 19.6% as at December 31, 2021.

The incidence of trade payables on sales increases, goes from 17.9% as at December 31, 2020 to 19.5% as at December 31, 2021. The incidence on net sales of inventories net advances from customers decreases too, goes from 18.9% as at December 31, 2020 to 20.0% as at December 31, 2021.

The table below contains the main details about Net financial position composition as at December 31, 2021 and as at December 31, 2020.

**Net financial position: details**

EUR million	December 31, 2021	December 31, 2020	Variance
Cash and cash equivalents	411.0	115.6	295.4
Derivatives financial assets	0.0	0.0	0.0
Current financial assets	27.2	41.5	(14.3)
Derivatives financial liabilities	(1.7)	(4.4)	2.7
Financial debt – current portion	(44.5)	(76.8)	32.3
<b>Total current net financial position</b>	<b>392.1</b>	<b>75.9</b>	<b>316.2</b>
Financial receivable from associate	-	1.3	(1.3)
Financial debt – non-current portion	(202.3)	(294.1)	91.8
<b>Total non-current net financial position</b>	<b>(202.3)</b>	<b>(292.8)</b>	<b>90.5</b>
<b>Net financial position</b>	<b>189.8</b>	<b>(216.9)</b>	<b>406.7</b>
Of which:			
-bank loans	264.1	(129.4)	393.5
-bond loans	(49.6)	(49.6)	0.0
-leasing liabilities	(23.1)	(25.6)	2.5
-derivatives	(1.6)	(4.4)	2.8
-options/payables for subsidiary acquisition	-	(7.9)	7.9

During 2021 the Group reported an improvement in Net financial position, that becomes positive (net cash), attributed mainly to the listing of Stevanato Group shares at New York Stock Exchange following which the Group received net proceeds from IPO amounting to EUR 380.1 million.

**Return on Capital Invested**

	2021	2020
ROIC	22.2%	16.2%

As at year ended December 31, 2021 ROIC improves, going from 16.2% at previous year to 22.2%. Group management sustains this is the result of the large investments done during the years, in particular with reference to the increased EZ-fill® products production capacity established to meet the growing market demand.

## Reconciliation prospectus of equity and net profit

The prospectus below is the reconciliation between equity and net profit of the parent company Stevanato Group S.p.A. and consolidated equity and net profit:

EUR thousand	Equity as at December 31, 2021	Net profit 2021	Equity as at December 31, 2020	Net profit 2020
Parent company Equity - OIC	468,238	5,310	55,111	12,733
IFRS adjustments to Parent company Equity	(17,919)	8,408	(16,341)	(2,039)
<b>Parent company Equity - IFRS</b>	<b>450,319</b>	<b>13,718</b>	<b>38,770</b>	<b>10,694</b>
Equity and net profit attributable to Group companies, netted of investments in subsidiaries and affiliates values	432,865	151,032	307,268	95,695
Elimination of intra-group dividend	-	(25,000)	-	(21,500)
Investments evaluation with equity method	-	699	(699)	92
Deferred taxes on retained earnings	(1,300)	(100)	(1,200)	(990)
Other consolidation adjustments	(39,810)	(6,029)	(33,644)	(5,477)
<b>Equity attributable to equity holders of the parent</b>	<b>842,074</b>	<b>134,321</b>	<b>310,495</b>	<b>78,513</b>
Equity attributable to non-controlling interests	(415)	(52)	(355)	84
<b>Consolidated Equity</b>	<b>841,659</b>	<b>134.269</b>	<b>310,140</b>	<b>78,597</b>

## Stevanato Group S.p.A.

In this section, the relevant information is reported referring to the Financial Statements of Stevanato Group S.p.A.

## Main economic data

The values reported in this section, some percentages included, are rounded to the nearest EUR value. Therefore, some totals might not match with the single values sum.

The next one is the reclassified Income Statements of the Company compared with the previous year (in EUR million):

### ***Reclassified Income Statements***

EUR million	For the year ended December 31,			
	2021	% on Net Sales	2020	% on Net Sales
<b>Net Sales</b>	<b>37.0</b>	<b>100.0%</b>	<b>26.1</b>	<b>100.0%</b>
<i>Variance 2021/2020</i>	41.8%			
<b>EBITDA</b>	<b>(9.2)</b>	<b>(24.8%)</b>	<b>(6.7)</b>	<b>(25.7%)</b>
<b>Operating Profit</b>	<b>(18.4)</b>	<b>(49.6%)</b>	<b>(9.4)</b>	<b>(35.9%)</b>
<i>Variance 2021/2020</i>	95.7%			
Financial income/(expenses)	22.5	60.8%	19.2	73.6%
Gains/(losses) on foreign exchange difference	(3.7)	(10.1%)	(0.3)	(1.0%)
Fair value adjustments for financial assets/liabilities	(0.4)	(1.2%)	0.6	2.1%
<b>Profit before taxes</b>	<b>(0.1)</b>	<b>(0.1%)</b>	<b>10.2</b>	<b>38.9%</b>
Income taxes	5.4	14.5%	2.6	9.8%
<b>Net Profit</b>	<b>5.3</b>	<b>14.4%</b>	<b>12.7</b>	<b>48.7%</b>

Net Sales are slight increase due to management fees, as additional services that the Parent Company rendered to its affiliates. The main variance between 2021 and 2020 is due to the increased amount of dividends received (EUR 3.5 million) compared to the previous year.

### ***Reclassified Statement of Financial Position***

EUR million	December 2021	31, December 31, 2020	Variance
Intangible assets	28.9	4.2	24.6
Property, plant and equipment	46.9	24.5	22.4
Investments in affiliates and other non-current financial assets	226.0	225.9	0.1



Other non-current assets	0.6	0.1	0.5
<b>Non-current assets</b>	<b>302.3</b>	<b>254.8</b>	<b>47.5</b>
Employees benefits	(2.7)	(2.5)	(0.2)
Provisions	(3.8)	(1.2)	(2.6)
Other non-current liabilities	-	(1.3)	1.3
<b>Non-current liabilities</b>	<b>(6.5)</b>	<b>(4.9)</b>	<b>(1.6)</b>
<b>Net non-current capital</b>	<b>295.8</b>	<b>249.8</b>	<b>46.0</b>
Advances from customers	(2.3)	(2.4)	0.1
Trade accounts payable	(12.6)	(7.9)	(4.7)
<b>Net operating working capital</b>	<b>(14.9)</b>	<b>(10.3)</b>	<b>(4.6)</b>
Other receivables	39.1	22.8	16.3
Accrued income and prepaid expenses	3.9	0.9	3.0
Tax and social security liabilities	(1.4)	(1.2)	(0.2)
Other liabilities	(18.4)	(14.6)	(3.8)
Prepayments and accrued income	(0.4)	(0.6)	0.2
<b>Net other receivables (liabilities)</b>	<b>22.8</b>	<b>7.4</b>	<b>15.4</b>
<b>Net working capital</b>	<b>7.0</b>	<b>(3.0)</b>	<b>10.0</b>
<b>Capital employed</b>	<b>303.8</b>	<b>246.9</b>	<b>56.9</b>
Equity adjusted <sup>(1)</sup>	(468.2)	(51.7)	(416.5)
Net Financial Position – medium-long term	(129.0)	(197.8)	68.8
Net Financial Position – short-term	293.5	2.6	290.9
<b>Equity and Net financial debt</b>	<b>(303.8)</b>	<b>(246.9)</b>	<b>(56.9)</b>

(1) Net amount of a financial receivable related to stock option plan for a restricted number of executives and key resources for the Group (only for the year ended December 31, 2020).

The main variances of the year refer to:

- Intangible assets increase for the capitalization of start-up cost due to the listing of Stevanato Group shares at the New York Stock Exchange on July 16, 2021. These costs, attributable to the issue of new shares and their listing to the market, mainly consists of underwriters discounts, legal consultancies, fees to financial advisor and fees to auditors for additional audit procedures required as consequence of the listing on NYSE.

- Tangible assets increase due mainly to completion of plant renovation in Piombino Dese, Italy, acquired in 2017 and used by the subsidiary Spami S.r.l., upon the commencement of the legal, fiscal and accounting effects of the proportional partial demerger of the real estate complex from Nuova Ompi S.r.l. to the beneficiary Stevanato Group S.p.A., and the beginning of the construction of a new building for the production of containment solutions which is expected to last during the year 2022.
- Other receivables (short-term): the increase by EUR 16.3 million is mainly related to the increase in trade receivables for services rendered from Stevanato Group S.p.A. to its affiliates; to the increase in receivables to parent company, that consist of accounts receivables for tax losses transferred to Stevanato Holding S.r.l. in the so-called "*Consolidato Fiscale Nazionale*" context; and to the increase in tax receivables for VAT and prepaid income taxes.

Instead, the net financial position variances are described in the next section.

## Main financial data

The next one is the net financial position of the Company compared with the last year (in EUR million):

### *Net financial position*

EUR million

	<b>December 31, 2021</b>	<b>December 31, 2020</b>	<b>Variance</b>
Cash and cash equivalents	321.8	4.4	317.4
Short-term financial assets	66.6	59.4	7.2
Short-term financial receivables from affiliates	12.0	-	12.0
<b>Total cash and short-term financial assets</b>	<b>400.5</b>	<b>63.9</b>	<b>336.6</b>
Short-term bank loans	(35.8)	(56.9)	21.1
Short-term financial liabilities to affiliates	(69.5)	-	(69.5)
Short-term bond loans	0.1	0.1	0.0
Derivatives financial instruments	(1.7)	(4.4)	2.7
<b>Short-term financial liabilities</b>	<b>(106.9)</b>	<b>(61.3)</b>	<b>(45.6)</b>
<b>Short-term net financial position</b>	<b>293.5</b>	<b>2.6</b>	<b>290.9</b>
<b>Medium-long term financial assets</b>	<b>52.4</b>	<b>65.1</b>	<b>(12.7)</b>
Medium-long term bank loans	(131.7)	(213.2)	81.5
Medium-long term bond loans	(49.7)	(49.6)	(0.1)
<b>Medium-long term financial liabilities</b>	<b>(181.4)</b>	<b>(262.8)</b>	<b>81.4</b>
<b>Medium-long term net financial position</b>	<b>(129.0)</b>	<b>(197.8)</b>	<b>68.8</b>
<b>Net financial position</b>	<b>164.5</b>	<b>(195.2)</b>	<b>359.7</b>

The net financial position improves compared to the previous year, mainly due to net proceeds from IPO amounting to EUR 380.1 million.

Intra-group short-term financial receivables and liabilities relate to exposition towards subsidiaries, with which a cash pooling system was started from February 2021 for the centralized treasury management at corporate level which sees Stevanato Group as the owner of the master account.

The significant decrease in bank loans, in addition to the reimbursement plan in progress, is due to the early termination of the existing loans at floating rate.

## Human resources

The average composition of Group workforce for title is reported:

	<b>2021</b>	<b>2020</b>	<b>Variance</b>
Executives	51	42	9
Managers	126	113	13
Employees	1,021	889	132
Workers	3,263	3,000	263
<b>Total</b>	<b>4,461</b>	<b>4,044</b>	<b>417</b>

The workforce increased less than proportional of the increase production volume.

## Additions

During the year, additions have carried out by the Group in these areas (in EUR million):

<b>Year additions</b>	
EUR million	<b>2021</b>
Land and buildings	2.0
Plant and machinery	26.8
Industrial and commercial equipment	3.9
Other tangible assets	0.9
Assets under constructions and advances	83.0
Intangible assets	5.5
<b>Total additions</b>	<b>122.1</b>

The additions are mainly related to the expansion, the development and the technological innovation of Piombino Dese plants, necessary for business growth strategy. Continuous investments in plant and machinery also supported the growth in volumes and complexity of the products required by the market. Regarding research and development, additions amount to EUR 3.6 million mainly for laboratory machinery, molds and other equipment. Assets under constructions and advances are mainly related to new production plants, that will be entered into use in the coming year 2022. In particular, 80.9% of annual investment in production capacity is for sustain the growth especially of *High-value solutions*.

## Information about risks and uncertainty as required by article 2428, paragraph 2, 6-bis, of Civil Code

Pursuant article 2428, paragraph 2, 6-bis, of Civil Code, the following is noted:

### 1. Credit risk

The Group is exposed to credit risk due to its commercial relationships. Where customers fail to meet payment deadlines, the Group's financial position may deteriorate. In addition, socio-political events (or country risks) and the general economic performance of individual countries or geographical regions may assume significance also in relation to this aspect. The trade receivable risk is however mitigated by consolidated commercial relations with high-standing pharma companies and Group guidelines drawn up for the selection and evaluation of the client portfolio, for the definition of bank overdraft limits, for the monitoring of expected cash flow and eventual collecting actions. These ones

may require, where possible and appropriate, further guarantees from customers. Administration, Finance and Controlling function (AFC) manages and monitors Group credit risk.

## **2. Fluctuations foreign currency exchange rates risk**

### **Transaction exchange risk**

The Group is exposed to risk resulting from fluctuations of exchange rates of some foreign currencies in which it has business relations. In foreign currency transactions, the Group has a hedging policy, approved by the Board of Directors of Stevanato Group S.p.A., through suitable instruments and procedures and free from any speculative connotations. The hedging activity is mainly carried out at a centralized level, based on the information collected by a structured reporting system, by resources dedicated to it and using tools and policies that comply with international accounting standards. The hedging activity object is the protection, where a company operating in one currency has to make purchases or sales in other currencies - at a single company level - also based on the future revenues/costs foreseen in the budget. Despite these financial hedging transactions, sudden fluctuations in exchange rates, or incorrect forecasting of requirements, could have a negative, even if limited, impact on the Group's economic results.

### **Translation exchange risk**

The Group holds controlling shares in companies that prepare financial statements in currencies other than the Euro. It is therefore exposed to translation risk, the risk that fluctuations in the exchange rates of some currencies with respect to the consolidation currency may have an impact on the values of the consolidated financial statements. On this risk, the Group does not engage in hedging activities.

## **3. Interest rate risk**

This risk is linked to the existence of variable rate loans, so sudden or significant fluctuations in interest rates could have a negative impact on economic results. The monitoring of this risk is carried out at corporate level using similar structures to those used for the exchange rate risks management. The Group has hedging contracts in place for risks related to interest rate trends, which concern 76% of the financial debt contracted, and also operates in part at a fixed rate (for the 23.8% of the financial debt contracted) to mitigate the risk. Thanks to this activity, the Group has ensured an interest rate that is essentially fixed to almost the total debt contracted as at December 31, 2021 (so the financial debt at floating rate not hedged represents only 0.2%).

## **4. Liquidity risk and financial needing**

Risks related to the lack of financial means necessary to fulfill payment obligations deriving from current business fall into this category. The Group uses medium-long term sources of financing to finance its activities in the medium-long term. In order to mitigate and manage the risk in question, the Group adopts a policy of substantially centralizing the procurement of medium and long-term financial sources on the capital market. Any covenants relating to the loans granted are carefully monitored. These measures currently widely guarantee, under normal conditions and without the occurrence of extraordinary events, the room for maneuver required by the performance of working capital, investment activities and financial flows in general.

## 5. Risk associated with Group's debt

The future performance of the Group will also depend on its ability to meet the needs relating to maturing payables through the flows deriving from operating cash management, available liquidity, renewal or renegotiation of bank credit lines or other sources of financing. If the Group is unable to meet its debt, negative effects on the management of the business could arise. At the moment, this eventuality is remote, seen the profitability of the Group, the structure and size of the sources of financing.

## Related parties

It should be noted there are no significant transactions with related parties except for the purchase of treasury shares highlighted below and as reported in paragraph "38. *Related parties disclosure*" of the Accompanying Notes to the Consolidated Financial Statements as at December 31, 2021.

## Treasury shares

The details of the treasury shares are reported below:

Shares movement	Year	Number	Share capital %	Amount
Treasury shares	2012	10,623,600		7,019,298
Treasury shares	2013	10,841,520		8,913,608
Treasury shares	2014	2,846,580		3,003,957
Treasury shares	2015	2,846,580		3,003,957
Treasury shares	2016	4,767,000		6,516,300
Treasury shares	2017	(3,432,240)		(2,267,773)
Treasury shares	2021	2,710,380		1,790,821
Treasury shares	2021	(362,864)		(239,754)
<b>Total</b>		<b>30,840,555</b>	<b>10.44</b>	<b>27,740,414</b>

It is acknowledged that, by virtue of the "Deed of Sale of Authenticated Shares" of the Notary Roberto Agostini of Padua on November 4, 2017, no. 252 shares owned by Stevanato Group S.p.A. (corresponding to 3,432,240 ordinary shares after the second share split as of July 1, 2021) were sold to a limited number of executives and key resources, each having the same characteristics as ordinary shares and destined to serve the related cash-based incentive plan. With reference to the latter, please refer to paragraph "31. *Employee benefits*" of the Accompanying Notes of the Consolidated Financial Statements as of December 31, 2021 for more details.

As a consequence of the Board of Directors' approval to early terminate the incentive plan 2018-2022, on March 4, 2021 and on June 3, 2021 the Company repurchased n. 29 ordinary shares (corresponding to 394,980 ordinary share after the second share split as at July 1, 2021) and n. 850,000 ordinary shares (corresponding to 2,315,400 ordinary shares after the second share split) from the beneficiaries of the cash settled awards under the above mentioned incentive plan for EUR 1.8 million.

On June 3, 2021 the Company transferred n. 133,210 ordinary shares (corresponding to n. 362,865 ordinary shares after the second share split) to the beneficiaries of the so-called "*Restricted Stock Grant Plan 2021-2027*" and to some Board of Directors members for EUR 0.2 million.

## Foreseeable evolution of the performance

### COVID-19 emergency

At the beginning of 2020, the World Health Organization declared the existence of an international emergency following the spread of COVID-19 virus. Since the early stages of the spread of the epidemic, Stevanato Group has been strongly committed to safeguarding the health and safety of its employees, ensuring at the same time business continuity in all its premises. The company has implemented strict precautionary measures provided by national and regional regulations on personal and workplace hygiene, as well as on the organization of working life (such as reorganization of shifts) at its plants. It has adopted measures to avoid crowding, maximizing the use of remote working, allowing access to external personnel only if in compliance with current legislation. Sensitization activities about the importance of prevention, both at work and home, have been made throughout the period, and screening activities among staff have been performed when needed to increase prevention further.

Stevanato Group operates in vaccines business from decades, serving as a partner for the distribution of a variety of vaccines worldwide. In 2020, the global COVID-19 pandemic caused both governments and private organizations to implement numerous measures seeking to contain the spread of the virus. These measures impacted and are expected to continue to impact the Group business and operations in several ways.

Initial unfavorable short-term impacts of COVID-19 on production and operational capabilities included: (i) a temporary decrease in the sales of certain non-COVID-19 products as a result of traditional healthcare procedures being postponed and the diversion of our production capacity to support the rollout of the COVID 19 vaccine worldwide (ii) labor absenteeism; (iii) disruptions to production lines; (iv) delays in, and increased costs of, logistics; and (v) increased SG&A costs related to employee bonuses to recognize and reward general efforts to ensure business continuity during the pandemic.

However, COVID-19 also provided an uplift to the Group's business with an acceleration of revenue from the sale of syringes and vials for vaccination programs globally. Stevanato Group has been supplying: (i) glass vials and syringes to approximately 90% of currently marketed vaccine programs, according to our estimates based on public information (WHO, EMA, FDA); and (ii) plastic diagnostic consumables for the detection and diagnosis of COVID-19. Going forward, the Group expects demand of syringes, vials and related products and services to remain elevated as the COVID-19 vaccine and treatment programs continue to roll-out globally and as customers contemplate the transition from multi-dose formats to single-dose formats. In addition, the Group expects continued tailwinds as epidemic



preparedness, including the ongoing global COVID-19 vaccine rollout, booster shot distribution, and new vaccination programs, remain a priority for governments.

Longer-term, there remains uncertainty around the magnitude of the impact of COVID-19 and the demand for our solutions. Many scientists predict that COVID-19 will eventually transition to an endemic state. While timing of this transition is difficult to predict, experts believe that the transition may likely occur over the next twelve to twenty-four months. This may result in a continued need and relatively stable demand for the Group's products and services that support COVID-19 and would be integrated into the standard vaccine business in the coming years.

## Evolution

The expected market context is positive. The forecasts for 2022 are favorable for all businesses; a growth in consolidated revenues and a maintenance of more than satisfactory levels of profitability is expected.

The significant order collection which took place in 2021 brought the order book to over EUR 880 million at the end of the year. This backlog, together with the investments made to increase production capacity, constitutes an important basis for further growth in 2022 in both segments and especially in *High-value solutions*.

Currently the Group expects a more marked growth of revenues in the second half of 2022, compared to the first half of the year. This trend is in line with the business plans based on which the Group expects to increase the production capacity during the year 2022, in particular with reference to EZ-fill® products and *High-value solutions*. Together with the shift to 2022 of approximately EUR 90 million investments in production capacity (originally planned for the 2021 financial year) and the increase of the same in Italy, the Group expects a capital expenditure in 2022 of around 35-40% of total revenues. These investments are vital for growth of revenues, the increase in the mix of *High-value solutions*, the expansion of margins, elements considered fundamental for the creation of long-term value for shareholders.

The Group expects double-digit revenue growth for the *Biopharmaceutical and Diagnostic Solutions* segment supported in particular by *High-value solutions*. For the *Engineering* segment, however, high growth is expected, "high single digit", compared to 2021, the year in which the Group grew by 54.3%.

The Group continues to focus attention on its innovation platform to extend and improve its proprietary product offering. The Group maintains a constant focus on driving innovation in terms of research and development, supplying high quality products, offering technical and scientific support, and satisfying market demands.

Stevanato Group serves some of the fastest growing market segments and is well integrated into the drug delivery supply chain, benefiting of some favorable macro-trends, including pharmaceutical innovation, aging populations with chronic diseases, growth of biological and biosimilar products, the acceleration and expansion of vaccination programs, the self-administration of drugs and the increase of quality standards and related regulation.

Piombino Dese, April 11, 2022

President of the Board of Directors

**Franco Stevanato**



**STEVANATO GROUP S.P.A.**

## **Consolidated income statement for the years ended December 31, 2021 and 2020**

**Consolidated income statement**

(EUR thousand)		For the years ended December 31,	
		2021	2020
	<b>Notes</b>		
Revenues	6	843,920	662,037
Cost of sales	7	578,515	467,861
<b>Gross Profit</b>		<b>265,405</b>	<b>194,176</b>
Other operating income	8	9,386	5,230
Selling and Marketing expenses	9	20,448	20,044
Research and Development expenses	9	29,616	17,390
General and Administrative expenses	9	62,502	58,863
<b>Operating Profit</b>		<b>162,225</b>	<b>103,109</b>
Finance income	11	21,709	14,926
Finance expense	12	18,808	21,848
Share of profit of an associate	19	547	92
<b>Profit Before Tax</b>		<b>165,673</b>	<b>96,279</b>
Income taxes	14	31,404	17,682
<b>Net Profit</b>		<b>134,269</b>	<b>78,597</b>
<b>Net Profit attributable to:</b>			
Equity holders of the parent		134,321	78,513
Non-controlling interests	37	(52)	) 84
		<b>134,269</b>	<b>78,597</b>

**Earnings per share**

Basic earnings per common share (in EUR)	15	0.53	0.33
Diluted earnings per common share (in EUR)	15	0.53	0.33

## STEVANATO GROUP S.P.A.

### Consolidated statement of comprehensive income

for the years ended December 31, 2021 and 2020

(EUR thousand)		<b>For the years ended December 31,</b>	
		<b>2021</b>	<b>2020</b>
		<hr/>	
	<b>Notes</b>		
<b>Net Profit</b>		<b>134,269</b>	<b>78,597</b>
Gains/(losses) from remeasurement of employee defined benefit plans	31	(151	)(145 )
Gains/(losses) from remeasurement of the agent termination plan	32	55	(22 )
Tax effect relating to those components of OCI	14	26	15
<b>Other comprehensive income (loss) that will not be classified subsequently to profit or loss</b>		<b>(70</b>	<b>)(152 )</b>
Exchange difference on translation of foreign operations	27	12,243	(22,589 )
Changes in the fair value of cash flow hedging instruments	40	2,721	(722 )
Tax effect relating to those components of OCI	14	(653	)173
<b>Other comprehensive income (loss) that will be classified subsequently to profit or loss</b>		<b>14,311</b>	<b>(23,138 )</b>
<b>Total other comprehensive income (loss), net of tax</b>		<b>14,241</b>	<b>(23,290 )</b>
<b>Total Comprehensive Income</b>		<b>148,510</b>	<b>55,307</b>
<b>Attributable to:</b>			
Equity holders of the parent		148,550	55,232
Non-controlling interests		(40	)75
		<b>148,510</b>	<b>55,307</b>

**STEVANATO GROUP S.P.A.**
**Consolidated statement of financial position**

at December 31, 2021 and 2020

(EUR thousand)

		<b>At December 31 2021</b>	<b>At December 31 2020</b>
<b>Assets</b>	<b>Notes</b>		
<b>Non-current assets</b>			
Goodwill	16	47,243	47,243
Other intangible assets	17	31,928	33,901
Right of Use assets	36	22,690	25,380
Property, plant and equipment	18	392,717	313,658
Investments in an associate	19	—	2,009
Financial assets - investments FVTPL	20	1,084	760
Other non-current financial assets	21	1,334	6,701
Deferred tax assets	14	55,877	45,552
		<b>552,873</b>	<b>475,204</b>
<b>Current assets</b>			
Inventories	22	148,917	139,373
Contract assets	23	62,133	39,430
Trade receivables	23	165,259	127,818
Other current financial assets	21	27,217	41,543
Tax receivables	24	25,063	14,188
Other receivables	25	26,341	14,824
Cash and cash equivalents	26	411,039	115,599
		<b>865,969</b>	<b>492,775</b>
<b>Total assets</b>		<b>1,418,842</b>	<b>967,979</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	27	21,698	20,002
Reserves and Retained Earnings	27	686,055	211,980
Net profit attributable to equity holders of the parent	27	134,321	78,513
<b>Equity attributable to equity holders of the parent</b>		<b>842,074</b>	<b>310,495</b>

Non-controlling interests	37	(415)	(355 )
<b>Total equity</b>		<b>841,659</b>	<b>310,140</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	29, 36	202,296	294,124
Employees Benefits	31	11,853	29,725
Provisions	32	3,499	4,384
Deferred tax liabilities	14	19,105	11,623
Other non-current liabilities	33	1,808	1,808
		<b>238,561</b>	<b>341,664</b>
<b>Current liabilities</b>			
Current financial liabilities	29, 36	46,195	81,234
Trade payables	34	164,787	118,740
Contract Liabilities	35	18,771	5,031
Advances from customers	35	23,616	48,361
Tax payables	24	19,440	18,543
Other liabilities	34	65,813	44,266
		<b>338,622</b>	<b>316,175</b>
<b>Total liabilities</b>		<b>577,183</b>	<b>657,839</b>
<b>Total equity and liabilities</b>		<b>1,418,842</b>	<b>967,979</b>

**STEVANATO GROUP S.P.A.**
**Consolidated statement of changes in equity**

for the years ended December 31, 2021 and 2020

(EUR thousand)		Share Notescapital	Share Premium Reserve	Treasury shares	Cash flow hedge reserve	Reserve for actuarial gains / (losses)	Foreign currency translation reserve	Retained earnings and other reserve	Equity attributable to equity holders of the parent	Non- controlling interests	Total equity
<b>At January 1, 2021</b>		<b>20,002</b>	—	(26,189)	(3,345 )	(675 )	(34,911 )	355,613	310,495	(355 )	310,140
Other comprehensive income	27	—	—	—	2,068	(70 )	12,231		14,229	12	14,241
Net profit		—	—	—	—	—	—	134,321	134,321	(52 )	134,269
<b>Total comprehensive income</b>		—	—	—	2,068	(70 )	12,231	134,321	148,550	(40 )	148,510
Dividends	28	—	—	—	—	—	—	(11,200 )	(11,200 )	—	(11,200 )
Capital increase	27	1,696	410,563	—	—	—	—	—	412,259	—	412,259
Transaction costs on capital increase	27	—	(27,962 )	—	—	—	—	—	(27,962 )	—	(27,962 )
Taxes relating to capital increase costs	27	—	6,711	—	—	—	—	—	6,711	—	6,711
Other		—	—	(1,551 )	—	—	—	4,772	3,221	(20 )	3,201
<b>Total effects</b>		<b>1,696</b>	<b>389,312</b>	<b>(1,551 )</b>	—	—	—	<b>(6,428 )</b>	<b>383,029</b>	<b>(20 )</b>	<b>383,009</b>
<b>At December 31, 2021</b>		<b>21,698</b>	<b>389,312</b>	<b>(27,740)</b>	<b>(1,277 )</b>	<b>(745 )</b>	<b>(22,680 )</b>	<b>483,506</b>	<b>842,074</b>	<b>(415 )</b>	<b>841,659</b>

(EUR thousand)	Notes	Share capital	Treasury shares	Cash flow hedge reserve	Reserve for actuarial gains / (losses)	Foreign currency translation reserve	Retained earnings and other reserve	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
<b>At January 1, 2020</b>		<b>20,002</b>	<b>(26,189 )</b>	<b>(2,796 )</b>	<b>(523 )</b>	<b>(12,331 )</b>	<b>287,327</b>	<b>265,490</b>	<b>(50 )</b>	<b>265,439</b>
Other comprehensive income	27	—	—	(549 )	(152 )	(22,580 )	—	(23,281 )	(9 )	(23,290 )
Net profit		—	—	—	—	—	78,513	78,513	84	78,597
<b>Total comprehensive income</b>		<b>—</b>	<b>—</b>	<b>(549 )</b>	<b>(152 )</b>	<b>(22,580 )</b>	<b>78,513</b>	<b>55,232</b>	<b>75</b>	<b>55,307</b>
Dividends	28	—	—	—	—	—	(8,900 )	(8,900 )	—	(8,900 )
Acquisition of non-controlling interests	27	—	—	—	—	—	(1,381 )	(1,381 )	(379 )	(1,760 )
Other		—	—	—	—	—	54	54	—	54
<b>Total effects</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(10,227 )</b>	<b>(10,227 )</b>	<b>(379 )</b>	<b>(10,606 )</b>
<b>At December 31, 2020</b>		<b>20,002</b>	<b>(26,189 )</b>	<b>(3,345 )</b>	<b>(675 )</b>	<b>(34,911 )</b>	<b>355,613</b>	<b>310,495</b>	<b>(355 )</b>	<b>310,140</b>



**STEVANATO GROUP S.P.A.**
**Consolidated statement of cash flows**

for the years ended December 31, 2021 and 2020

		<b>For the years ended December 31,</b>	
		<b>2021</b>	<b>2020</b>
(EUR thousand)			
	<b>Notes</b>		
<b>Operating activities</b>			
<b>Profit before tax</b>		<b>165,673</b>	<b>96,279</b>
Adjustments:			
Depreciation and impairment of property, plant and equipment	10	42,676	41,363
Amortization of intangible assets and Right of Use	10	13,706	12,740
Allowance for doubtful accounts	23	(1,291)	341
Net finance expense/ (income)		(1,239)	4,885
Share of profit or loss of associated companies	19	(547)	—
(Gain)/Loss from the disposal of non-current assets		(579)	—
Change in other provisions and in employee benefits		(7,130)	(9,072)
Other non-cash expenses, net		(3,382)	(388)
Working capital changes:			
- inventories and contract assets		(31,204)	(15,603)
- trade receivables and other assets		(54,765)	(3,631)
- trade payables, contract liabilities, advances and other liabilities		44,337	52,412
Interest paid		(4,388)	(5,368)
Interest received		624	684
Income tax paid		(29,155)	(18,986)
<b>Cash Flow from operating activities</b>		<b>133,336</b>	<b>155,656</b>
<b>Cash Flow from investing activities</b>			
Purchase of property, plant and equipment		(107,691)	(89,565)
Proceeds from sale of property plant and equipment		1,169	15
Purchase of intangible assets		(5,489)	(6,439)
Proceeds from sale of associated companies		14,812	—

Investment in financial assets		773	(100)	)
<b>Net cash flows used in investing activities</b>		<b>(96,426</b>	<b>) (96,089</b>	<b>)</b>
<b>Cash Flow from financing activities</b>				
Net proceeds from IPO	26	380,090	—	
Acquisition of non-controlling interests	37	—	(539	)
Payment of financial payables for shares acquisition	29	(8,221	) —	
Dividends paid	28	(11,200	) (8,900	)
Payment of principal portion of lease liabilities		(6,498	) (5,906	)
Proceed from loans		8,050	51,911	
Repayments of loans		(121,729	) (63,083	)
Decrease in other current financial activities		14,355	—	
<b>Net cash flows from/(used in) financing activities</b>		<b>254,847</b>	<b>(26,517</b>	<b>)</b>
<b>Net change in cash and cash equivalents</b>		<b>291,757</b>	<b>33,050</b>	
Net foreign exchange difference		3,683	(2,837	)
<b>Cash and cash equivalents at January 1</b>		<b>115,599</b>	<b>85,386</b>	
<b>Cash and cash equivalents at December 31</b>		<b>411,039</b>	<b>115,599</b>	

## Notes to the consolidated financial statements

### 1. Corporate information

Stevanato Group S.p.A. (herein referred to as the “Company” and together with its subsidiaries the “Group”) is headquartered in Italy and its registered office is located in via Molinella 17, Piombino Dese (Padova, Italy). The Group is active in the design, production and distribution of products and processes to provide integrated solutions for bio-pharma and healthcare, leveraging on constant investment and the selected acquisition of skills of new technologies to become a global player in the bio-pharma industry. Principal products are containment solutions, drug delivery systems, medical devices, diagnostic, analytical services, visual inspection machines, assembling and packaging machines, glass forming machines.

The Group has nine production plants for manufacturing and assembly of bio-pharma and healthcare products (in Italy, Germany, Slovakia, Brazil, Mexico, China, United States), five plants for the production of machinery and equipment (in Italy and Denmark), two sites for analytical services (in Italy and United States) and two commercial offices (in Japan and the United States). Further, on October 4, 2021, the Group announced the start of construction of a new facility in Fishers, Indiana, United States. The Group is also continuing investment to expand production facilities in Piombino Dese, Italy, where construction on a new building is underway. The global footprint allows to sell products and provide services in more than 70 countries worldwide.

Stevanato Group S.p.A. is controlled by Stevanato Holding S.r.l. which holds 78.03% of its share capital.

On July 16, 2021 Stevanato Group began trading on the New York Stock Exchange under the symbol STVN.

### 2. Significant accounting policies

#### 2.1 Basis of preparation

The consolidated financial statements comprised the financial statements of the Company and its subsidiaries as at and for the years ended December 31, 2021 and 2020. The consolidated financial statements were authorized for issuance by resolution of the Board of Directors on April 11, 2022.

The consolidated financial statements of the Group have been prepared in accordance with the *International Financial Reporting Standards* as issued by the *International Accounting Standards Board (IFRS)*.

The accounting policies stated below have, unless otherwise stated, been applied consistently over all periods presented in the consolidated financial statements. The Group’s accounting policies have been applied consistently by the Group’s companies.

The consolidated financial statements are composed of a consolidated income statement, a consolidated statement of comprehensive income, a consolidated statement of financial position, a consolidated statement of changes in equity, a consolidated statement of cash flows and the accompanying notes (the "Consolidated Financial Statements").

The Group presents its consolidated statement of profit or loss using the function of expense method reflecting the practice in the industry in which the Group operates. The Group presents current and non-current assets and liabilities as separate classifications in its consolidated statements of financial position. The statement of cash flows has been prepared using the "indirect method" allowed by *IAS 7 – Cash Flow statements*. In the consolidated income statement, the Group also presents subtotal for Gross Profit and Operating Profit. Operating Profit distinguishes between the profit before taxes arising from operating items and those arising from financing activities, including also the share of profit of associates. Operating Profit is one of the primary measures used by the Chief Executive Officer, the Group's "Chief Operating Decision Maker" ("CODM") as defined in *IFRS 8 - Operating Segments* to assess performance.

The consolidated financial statements have been prepared on a historical cost basis, modified as required for the measurement of certain financial instruments at their fair value.

The consolidated financial statements are presented in Euro, the Group's presentation currency, which is also the functional currency of the Company, and all values are rounded to the nearest thousand, except when otherwise indicated.

The consolidated financial statements are prepared on a going concern basis. Management believes that there are no financial or other indicators presenting material uncertainties that may cast significant doubt upon the Group's ability to meet its obligations in the foreseeable future and in particular in the next 12 months.

## 2.2 Basis of consolidation

### Subsidiaries

Subsidiaries are any entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Power is generally presumed with an ownership of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The Group recognizes any non-controlling interests ("NCI") at fair value or at the non-controlling interest's share of the recognized amounts of the acquiree's identifiable net assets. Net profit or loss and each component of other comprehensive income/ (loss) are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income/ (loss) of subsidiaries is attributed to owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

### **Associates**

These are companies in which the Group has a significant influence over their financial and operating policies and which are neither subsidiaries nor joint ventures. The consolidated financial statements show the Group's portion of results of the associated companies, accounted for using the equity method, starting from the date when the significant influence began. Under the equity method, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit/ (loss) and other comprehensive income/ (loss) of the investee. The Group's share of the investee's profit/ (loss) is recognized in the consolidated income statement.

When significant influence over an associate is lost as a result of a full or partial disposal, the Group derecognise that associate and recognise in profit or loss the difference between, on the one hand, the sum of the proceeds received plus the fair value of any retained interest and, on the other hand, the carrying amount of the investment in the associate at the date significant influence is lost.

### **Consolidation of foreign companies**

All the assets and liabilities of foreign companies that report in a currency other than the Euro and which fall within the scope of consolidation are translated into Euro using the exchange rate at the end of the reporting period (current exchange rate method). Income and costs are translated using average rates for the reporting period. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

### **Transactions eliminated upon consolidation**

All transactions and balances between Group companies and all unrealized gains and losses arising on intercompany transactions are eliminated on consolidation.

### **Transactions in foreign currency**

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign currency exchange rate prevailing at that date. Exchange differences arising on the extinguishment of monetary items or their translation at different rates to those used for their translation upon initial recognition or in previous financial statements are recorded in the income statement. Exchange differences arising on monetary items that are effectively part of the Group's net investment in foreign operations are classified in net equity until the investment's disposal, at which time such differences are

recognized in the income statement as income or expenses. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

The principal foreign currency exchange rates used to translate other currencies into Euro were as follows:

COUNTRY	ISO CODE	Average for the year ended December 31,	At December 31,	Average for the year ended December 31,	At December 31,
		2021	2021	2020	2020
CHINA	CNY	7.6282	7.1947	7.8747	8.0225
UNITED STATES	USD	1.1827	1.1326	1.1422	1.2271
MEXICO	MXN	23.9852	23.1438	24.5194	24.4160
DENMARK	DKK	7.4370	7.4364	7.4542	7.4409
BRAZIL	BRL	6.3779	6.3101	5.8943	6.3735
SWITZERLAND	CHF	1.0811	1.0331	1.0705	1.0802
JAPAN	JPY	129.8767	130.3800	121.8458	126.4900

## 2.3 Main accounting policies, estimates and assumptions

### Current and non-current

The Group in its consolidated statements of financial position presents assets and liabilities as separate classifications in current and non-current.

An asset is current when it is: (i) expected to be realized or intended to be sold or consumed in the normal operating cycle; (ii) held primarily for the purpose of trading; (iii) expected to be realized within twelve months after the reporting period or (iv) cash or cash equivalent. All other assets are classified as non-current.

A liability is current when it is: (i) expected to be settled in the normal operating cycle, (ii) held primarily for the purpose of trading; (iii) due to be settled within twelve months after the reporting period or (iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed in a business combination).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, that is performed at least annually, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination.

Impairment test consists in the comparison of the recoverable amount of each CGU, over which goodwill has been allocated for monitoring purposes, with their corresponding carrying amount of net assets including goodwill. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The fair value less costs to sell is the price that would be received from the sale of an asset or group of assets in an orderly transaction between market participants at the measurement date, less costs to sell. These values are determined on the basis of market data (stock market prices or comparison with similar listed companies, with the value attributed to similar assets or companies in recent transactions) or, in the absence of such data, on the basis of discontinued cash flows as determined by a market participant. The value in use is based on discounted future cash flows net of income taxes, calculated as follows:

- future cash flows are estimated based on actual cash flows for the current year, the annual budget for the following year and mid-term projections based on previous years' cash flows, management expectations and plans, and past experience; subsequent years are extrapolated with a perpetuity growth rate;
- the Group discount rate is determined on the basis of market information on the cost of capital and the specific risk of the industry (*Weighted Average Cost of Capital, WACC*).

These procedures are in accordance with *IAS 36 - Impairment of assets*, an impairment loss is recognized if the recoverable amount is lower than the carrying amount. An impairment loss recognized for goodwill cannot be reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

## Fair Value Measurement

In accordance with *IFRS 13 - Fair Value Measurement*, the Group measures financial instruments such as derivatives, and non-financial assets, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability

takes place in the principal market or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are 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 fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

## Recognition of revenues

The Group is in the business of production and distribution of products and processes to provide integrated solutions for pharma and healthcare. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Based on the five-step model introduced in *IFRS 15 - Revenue from contracts with customers*, the Company recognizes revenue after the following requirements have been met:

- a) the parties have approved the contract (in writing, orally or in accordance with other common commercial practices) and are committed to fulfilling the respective performance obligations; an agreement between the parties which creates rights and obligations regardless of the form of the agreement has, therefore, been created;
- b) the rights of each of the parties in relation to the services to be transferred can be identified;
- c) the payment terms for the goods or services to be transferred can be identified;
- d) the contract has commercial substance;
- e) it is probable that the Company will receive the consideration to which it is entitled in exchange for the services transferred to the customer. If the consideration referred to in the contract has a variable component, the Company will estimate the amount of the consideration it will be entitled to in exchange for the services transferred to the customer.



### Revenues from sale of Biopharmaceutical and Diagnostic Solution segment

Revenue from sale of Biopharmaceutical and Diagnostic Solution segment is mainly recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the products at the customer's location and generally considering applicable Incoterms.

The normal credit term is 60 to 90 days upon delivery.

The Group enters in certain contracts whereby it provides customer with the right to access certain intellectual properties for a defined short period of time. These contracts do not result in additional performance obligations for the Group and have been assessed to result in revenue to be recognized over the time the customer can benefit from the access to the intellectual property.

In determining the transaction price for the sale of glass and plastic products, both part of the Biopharmaceutical and Diagnostic Solution segment, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer. If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group estimates the impact of potential returns from customers based on the Group's right of return policies and practices along with historical data on returns, in order to determine the amount of variable consideration that can be included in the transaction price and recognized as revenue. A refund liability is recognized for the goods that are expected to be returned. There are no post-delivery obligations other than product warranties, if required by local law; these warranties do not represent a separate performance obligation and are accounted for applying *IAS 37 – Provisions, Contingent Liabilities and Contingent Assets*. Any advance payments or deposits from customers are not recognized as revenue until the control of the relevant good is transferred to the customer.

Biopharmaceutical and Diagnostic Solution segment also develops, contracts for and sells to customers molds, tools and equipment necessary to produce plastic products. If the tooling is highly customized with no alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date, revenue is recognized over time by measuring progress towards completion using the input method based on costs incurred relative to total estimated costs to completion consistently with transfer of control. Otherwise, revenue for the molds, tools and equipment is recognized at the point in time when the performance obligations are satisfied by transferring of control.

### Revenue from sale of Engineering segment

Revenue from sale of Engineering segment is recognized at the point in time or over the time, accordingly to terms and conditions of the customer's contract.

The Group recognizes revenues from customer-specific construction contracts of the engineering system division over the time as the performance does not create an asset with an alternative use and the Group has an enforceable right

to payment for performance completed to date. When it is not possible to consider the enforceable right to payment for performance completed to date, revenue is recognized at a point in time.

For revenue recognized over time, revenue is recognized by applying a method of measuring progress toward complete satisfaction of the related performance obligation. When selecting the method for measuring progress, the Group selects the method that best depicts the transfer of control of goods or services promised to customers. Engineering revenue is recorded under an input method, which recognizes revenue on the basis of efforts or inputs to the satisfaction of a performance obligation (for example, resources consumed, labor hours expended, costs incurred, time elapsed, or machine hours used) relative to the total expected inputs to the satisfaction of that performance obligation. The input method that we use is based on costs incurred, using the percentage of completion method (or expected cost plus a margin approach). The Group determines the applicable stage of completion based on the portion of contract costs incurred for work performed to date relative to the estimated total contract costs (cost to cost method).

Engineering revenue can be generated from contracts with multiple performance obligations. When a sales agreement involves multiple performance obligations, each obligation is separately identified, and the transaction price is allocated based on the amount of consideration the Group expects to be entitled in exchange for transferring the promised good or service to the customer.

If the stage of completion of a customer-specific contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that are likely to be recoverable.

Engineering's revenues also include after-sales services, those mainly consist in the supply of spare parts to customers for machinery and equipment sold, other than maintenance activity on the machines sold. Such revenues are recognized at a point in time.

Contract costs are recognized in profit or loss as incurred unless they create an asset which generates or enhances resources that will be used in satisfying (or in continuing to satisfy) performance obligations in the future. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately in the consolidated income statement following requirements on onerous contracts in IAS 37.

### **Trade receivables**

A receivable is the entity's right to consideration that is unconditional. A right to consideration is unconditional if the passage of time is required before payment of that consideration is due.

### **Contract assets**

The entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

### Contract liabilities

A contract liability is the entity's obligation to transfer goods or services to a customer for which the entity has received consideration.

### Presentation of Contract assets and liabilities

Contract assets and liabilities are determined at the contract level and not at the performance obligation level. As such, an asset or liability for each performance obligation within a contract is not separately recognized, but they are aggregated into a single contract asset or liability. Contract asset or contract liability positions are determined for each contract on a net basis.

### Cost of sales

Cost of sales comprises expenses incurred in the manufacturing and distribution of products. The remaining costs principally include depreciation, amortization and transportation costs.

### Listing fees

In accordance with *IAS 32 - Financial instrument: presentation*, the transaction costs of an equity transaction are accounted for as a deduction from equity, to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. Transaction costs relate jointly to offering of share and stock exchange listing of new share have been allocated to those transactions using a basis of allocation that is rational and consistent with similar transactions.

### Income (and deferred) taxes

Income taxes include all the taxes calculated on taxable profits of the Group. Income taxes are recorded in the income statement, except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current taxes are calculated on the basis of the tax laws enacted or substantially enacted at the reporting date in the countries where the Group operates and generates taxable income. Current tax receivables and payables are measured at the amount expected to be recovered or paid to the tax authorities.

Italian Regional Income Tax ("IRAP") is recognized within income tax expense. IRAP is calculated on a measure of income defined by the Italian Civil Code as the difference between operating revenues and costs, before financial income and expense, and in particular before the cost of fixed-term employees, credit losses and any interest included in lease

payments, for the Italian components of the Group only. IRAP is applied on the tax base at 3.9% for the years ended December 31, 2020 and December 31, 2021.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises 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 accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference 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 accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available, against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

In assessing the feasibility of the realization of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and the tax loss carried forwards are utilized. Estimating future taxable income requires estimates about matters that are inherently uncertain and requires significant management judgment, and different estimates can have a significant impact on the outcome of the analysis.

Changes in the assumptions and estimates related to future taxable income, tax planning strategies and scheduled reversal of deferred tax liabilities could affect the recoverability of the deferred tax assets. If actual results differ from such estimates and assumptions the Group financial position and results of operation may be affected.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Any uncertainty regarding tax treatments is considered in the tax calculation in accordance with the recommendations of *IFRIC 23 - Uncertainty over Income Tax Treatments* that requires an entity to consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If the Group concludes that the position is not probable of being accepted, the effect of uncertainty is reflected in the income taxes.

## Dividend

The Company recognizes a liability to pay a dividend when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws of Italy, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

## Other intangible assets

Intangible assets, other than goodwill, acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category that is consistent with the function of the intangible assets.

Developments costs for the production of new products or parts, like requested as *IAS 38 - Intangible Assets*, are recognized as assets only if the costs can be reliably determined; the Group has the intention and resources to complete them, the technical feasibility of completing them is such that they will be available for use; the Group has the intention to complete and the ability and intention to use or sell the asset; the asset will generate future economic benefits; there is availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Capitalized development costs include only those expenses that can be directly attributed to the development process and are amortized on a systematic basis, starting from the commencement of production and lasting the length of the product or process's estimated life, generally ranging between three and five years. Research costs are expensed as incurred.

Industrial patents and intellectual property rights, and licenses are valued at purchase or production cost and amortized, if they have a finite life, on a straight-line basis over their estimated useful life, generally between three and five years.

Other intangible assets mainly relate to the registration of trademarks and have been recognized in accordance with *IAS 38 - Intangible Assets*, where it is probable that the use of the asset will generate future economic benefits for the Group and where the cost of the asset can be measured reliably. Other intangible assets are measured at cost less any impairment losses and amortized on a straight-line basis over their estimated life, which is generally between three and five years.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

### **Property, plant and equipment**

Plant and equipment are recorded at purchase or production cost and systematically depreciated over their residual useful lives and accumulated impairment losses, if any. The land pertaining to buildings is not depreciated. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Property, plant and equipment transferred from customers are initially measured at fair value at the date on which control is obtained. Construction in progress is stated at cost, net of accumulated impairment losses, if any.

The useful lives, estimated by the Group for its various categories of property, plant and equipment, are as follows:

	<b>Biopharmaceutical and Diagnostic Solutions</b>	<b>Engineering</b>	<b>Holding</b>
Buildings	18 to 33 years	16 years	33 years
Plant and machinery	6 to 20 years	6 to 10 years	4 years
Industrial and commercial equipment	5 to 8 years	8 years	8 years
Other tangible assets	5 to 8 years	5 to 8 years	5 to 8 years

Land is not depreciated. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

## Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

According to *IFRS 16 - Leases*, the Group applies a recognition and measurement approach for each lease, except for short-term leases and leases of low-value assets. The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months) and applies the lease of low-value assets recognition exemption to leases of that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Group recognizes lease liabilities representing obligations to make lease payments and Right of Use assets representing the Right of Use the underlying assets.

The Group recognizes Right of Use assets at the commencement date of the lease and it is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right of Use assets are measured at cost comprising the following: (i) the amount of the initial measurement of lease liability; (ii) any lease payments made at or before the commencement date less any lease incentives received; (iii) any initial direct costs and, if applicable, (iv) restoration costs. Right of Use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.



At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term, of the following: (i) fixed lease payments less any lease incentives receivable, (ii) variable lease payments that are based on an index or a rate and, if applicable, (iii) amounts expected to be payable under residual value guarantees, and (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs. Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Each lease payment is allocated between the principal liability and interest expense. Interest expense is charged to the income statement over the lease period using the effective interest rate method.

## Inventories

Inventories of raw materials, semi-finished and finished products are valued at the lower of cost and net realizable value. Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on weighted average cost
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

Allowances for obsolete and slow-moving goods are calculated for materials and finished products, taking into account their future expected use and realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Current financial assets include trade receivables, derivative financial instruments, other current financial assets and cash and cash equivalents. Investments and other financial assets include investments accounted for using the equity method and non-current financial assets. Financial liabilities include debt and borrowings from banks, trade payables and other financial liabilities, which mainly include derivative financial instruments.

## Financial assets

Financial assets are classified on the basis of the impairment model introduced by *IFRS 9 – Financial instruments*, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The Group initially measures a financial asset at its fair value plus transaction costs, in the case of a financial asset not at fair value through profit or loss. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied a simplified approach in calculating ECLs (Expected Credit Loss). Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date, based on its historical credit loss experience, adjusted for



forward-looking factors specific to the debtors and the economic environment. The amount of receivables is reported in the statement of financial position net of the relevant bad debt provisions. The impairment losses reported pursuant to *IFRS 9* (including reversals of impairment losses or impairment gains) are recognized in the consolidated income statement within the line item Selling and Marketing expenses.

Financial assets are derecognized when the rights to receive cash flows from the instrument have expired and the Group has transferred substantially all risks and rewards of ownership.

#### **Financial assets measured at amortized cost**

This category includes financial assets that meet the following requirements: (i) the financial asset is held within a business model whose objective is to hold financial assets to collect their contractual cash flows; and (ii) the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

#### **Financial assets at fair value through OCI (debt instruments)**

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recognized in profit or loss.

#### **Financial assets at fair value through consolidated profit or loss (FVTPL)**

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss. This category includes financial assets not classified in any of the previous categories and derivative instruments and equity investments which the Group has not irrevocably elected to classify at fair value through OCI.

#### **Financial liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

For purposes of subsequent measurement, financial liabilities are classified in financial liabilities at fair value through profit or loss and financial liabilities at amortized cost (loans and borrowings).

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortized cost is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest expense in the statement of profit or loss.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement.

Borrowings are classified among current liabilities, unless the Group has an unconditional right to defer their payment for at least twelve months after the reporting date.

Derivative financial instruments are accounted for in accordance with *IFRS 9*. At the inception of the contract, derivative instruments are initially recognized at fair value as financial assets at FVTPL when the fair value is positive, or financial liabilities at FVTPL when the fair value is negative.

When a derivative financial instrument is designated as a hedge of the exposure to variability in future cash flows or highly probable forecasted transactions, the effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss. The Group uses IRS contract (*Interest Rate Swap*) as hedges of its exposure to financial interest of loans. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency and collar contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, for its exposure to volatility of exchange rates. The ineffective portion is recognized in financial income or expenses.

### Impairment of non-financial assets

The Group tests whether there is an indication that an asset may be impaired. If there is evidence of impairment, book value is written down to the related recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. If it is not possible to estimate the recoverable amount of an individual asset, the Group assesses whether the cash-generating unit to which it belongs is impaired. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

### Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at bank, carried at nominal amount, equal to fair value. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### Equity

Retained earnings and other reserves include undistributed earnings of the Group, the accumulated amount of items recognized in other comprehensive income (such as actuarial gains and losses, cash-flow hedge reserves, etc.) and other reserves (translation differences). Dividends are deducted from equity when they are approved by the Shareholders' Meeting.

Non-controlling interests represent the portion of the net assets and net profit of a consolidated entity that is not attributable to the Group, directly or indirectly.

### Provisions

Provisions for risks are recognized when (i) the Group has a present obligation, legal or constructive, as a result of a past event; (ii) it is probable that the outflow of resources will be required; (iii) the amount of the obligation can be reliably estimated. Provisions are determined by the Group based on facts and circumstances, historical risk data and the information available at the balance sheet date. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. Where the effect of the time value of money is material and the date of extinguishing the liability can be reasonably estimated, provisions are stated at the present value of the expected expenditure, using a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Contingencies for which the probability of a liability is remote are disclosed in the notes, but no provision is recognized.

## Employee benefits

Employee severance indemnity, mandatory for Italian companies pursuant to Article 2120 of the Italian Civil Code, is deferred compensation and is based on the employees' years of service and the compensation earned by the employee during the service period. Under *IAS 19 - Employee Benefits*, the employee severance indemnity as calculated is considered a "Defined benefit plan" and the related liability recognized in the statement of financial position (Employees Benefits) is determined by actuarial calculations.

The remeasurements of actuarial gains and losses are recognized in other components of the Consolidated Statements of Comprehensive income. Service cost of Italian companies that employ less than 50 employees, as well as interest expenses related to the "time value" component of the actuarial calculations (the latter classified as Finance expenses), are recognized in the separate consolidated income statements.

Starting from January 1, 2007, Italian Law gave employees the choice to direct their accruing indemnity either to supplementary pension funds or leave the indemnity as an obligation of the Company. Companies that employ at least 50 employees should transfer the employee severance indemnity to the "Treasury fund" managed by INPS, the Italian Social Security Institute. Consequently, the Group's obligation to INPS and the contributions to supplementary pension funds take the form, under IAS 19, of a "Defined contribution plan".

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under expenses in the consolidated statement of profit or loss:

- the service costs are recognized in the consolidated income statement by function and presented in the relevant line items (Cost of sales, Selling and Marketing expenses, General and Administrative expenses, Research and Development expenses);
- the net interest on the defined benefit liability is recognized in the consolidated income statement as net Financial income/ (expenses), and is determined by multiplying the net liability/ (asset) by the discount rate used to discount obligations taking into account the effect of contributions and benefit payments made during the year;
- the remeasurement components of the net obligations, which comprise actuarial gains and losses and any change in the effect of the asset ceiling are recognized immediately in other comprehensive income/ (loss).

## Other long-term employee benefit obligations

The Group also has liabilities for cash-settled awards based on Group's performance indicators that are not expected to be settled wholly within 12 months after the end of the period in which the employees and directors render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees and directors up to the end of the reporting period, using the projected unit credit method. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

## Stock Grant Plan

The Group recognizes incentives made up of a stock grant plan to certain senior management members and beneficiaries who hold key positions in the Group. The stock grant plan is a type of equity settled plan, where the beneficiary is entitled to receive shares of Stevanato Group S.p.A. at the beginning of the vesting period. In case the targets provided for the vesting period in relation to which the shares are assigned should not be totally or partially achieved, the beneficiaries are bound to re-sell the shares to Stevanato Group S.p.A. at a determined price. In the event certain over-performances with respect to the financial targets have been met, beneficiaries will be granted, free of charge an additional number of Stevanato Group S.p.A. shares related to that vesting period in which the targets were exceeded.

The value corresponding to the consideration that Stevanato Group S.p.A. has to pay in case of re-purchase of the shares is recorded on the income statement among personnel costs at the grant date and a liability for employee benefits is registered. For the "equity settled" performance plan, the fair value is recorded on the income statement among personnel costs over the period between the assignment date and the expiry date (vesting period), and a reserve of shareholder's equity is recorded. Fair value is determined at the assignment date, reflecting the market conditions prevailing at the date in question.

At each reporting date, the Group checks the assumptions about the number of shares expected to be accrued and recognizes the effect of any change in the estimate to the income statement, adjusting the corresponding equity reserve.

## Trade payables and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less from the reporting date. If not, they are presented as non-current liabilities. Trade payables are initially recognized at fair value and subsequently measured at amortized cost.

## Other current and non-current liabilities

Other current and non-current liabilities include, among the others, liabilities related to put options over non-controlling interests and other liabilities related to financial investments.

When a put option is granted to non-controlling shareholders of a subsidiary, if the option provides for settlement in cash, a liability is recognized for the present value of the exercise price of the option. This liability is classified as non-current financial liabilities or current financial liabilities in the consolidated statement of financial position based on its due date. Subsequent changes in the liability's fair value are recognized through profit or loss.

The Group recognizes liabilities from other taxes and social security and other non-financial liabilities at amount payable on the maturity date. Pre-payments received on orders as well as the liability balance from constructions contracts are reported as contract liabilities.

## Climate change

Climate change and potential climate change legislation may present risks to Stevanato Group operations, including business interruption, significantly increased costs and/or other adverse consequences to the Group's business. Some of the potential impacts of climate change to the business include physical risks to the Group's facilities, water and energy supply limitations or interruptions, disruptions to supply chain and impairment of other resources. In addition, if legislation or regulations are enacted or promulgated in the U.S., Europe or Asia or any other jurisdictions in which the Group does business that limit or reduce allowable greenhouse gas emissions and other emissions, such restrictions could have a significant effect on the Group operating and financial decisions, including those involving capital expenditures to reduce emissions, and the results of operations. Manufacturing operations may not be able to operate as planned if Stevanato Group is not able to comply with new legal and regulatory legislation around climate change, or it may become too costly to operate in a profitable manner. Additionally, suppliers' added expenses could be passed on to the Group in the form of higher prices and the Group may not be able to pass on such expenses to our customers through price increases.

With the impacts of climate change already manifesting themselves, and some degree of further global warming inevitable, Stevanato Group is keen to protect the environment, to operate business at global level under the principles of sustainability including principles related to climate-change, to include EHS management as integral part of business processes with the commitment to reduce energy and natural resources consumption.

In preparing the Consolidated Financial Statements, management has considered the impact of climate change in the context of the disclosures. These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Group's going concern assessment to December 2022.

## Use of estimates

The Consolidated Financial Statements are prepared in accordance with IFRS which require Management's use of estimates and assumptions that may affect the carrying amount of assets, liabilities, income and expenses in the financial statements, as well as the disclosures in the notes concerning contingent assets and liabilities at the balance sheet date. Uncertainty about these assumptions and estimates could result in outcome that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates are based on historical experience and other factors. The resulting accounting estimates could differ from the related actual results. Estimates are periodically reviewed and the effects of each change are reflected in the consolidated statement of profit or loss or in the consolidated statement of comprehensive income in the period in which the change occurs.

## Revenue Recognition

The Group operates in several jurisdictions and assesses whether contracts with customers provide it with the right to consideration for the performance fulfilled based on legal assessment of applicable contracts and other source of enforceable rights and obligations (i.e. local regulations). As regards revenue from contracts with customers for contract work and contract assets and liabilities, application of the cost-to-cost method requires a prior estimate of the entire lifetime costs of individual projects, updating them at each balance sheet date. This requires assumptions, those can be affected by multiple factors, such as the time over which some projects are developed, their high level of technology and innovative content, the possible presence of price variations and revisions, and machinery performance guarantees, including an estimate of contractual risks, where applicable. These facts and circumstances make it difficult to estimate the projects' costs to complete and, consequently, to estimate the value of contract work in progress at the balance sheet date. The Group estimates variable considerations to be included in the transaction price for the sale of products with rights of return and volume rebates. The Group forecasts sales returns using the historical return data to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. The Group also receives amounts from third parties that may or may not be collected in a seller-customer relationship. The Group assesses whether these amounts represent consideration for goods or services that have been or will be provided and accordingly identifies the pattern of recognition of revenue.

## Recoverable amount of goodwill

The impairment test on goodwill is carried out by comparing the carrying amount of cash-generating units and their recoverable amount. The recoverable amount of a cash-generating unit is the higher of fair value, less costs to sell, and its value in use. This complex valuation process entails the use of methods such as the discounted cash flow method which uses assumptions to estimate cash flows. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model as well as the expected future cash flows and the growth rate used for the extrapolation. The key assumptions used to determine the recoverable amount for the different cash-generating units, including a sensitivity analysis, are detailed in the [Note 16](#).

## Development costs

The amortization of development costs requires management to estimate the lifecycle of the related product. Any changes in such assumptions would impact the amortization charge recorded and the carrying amount of capitalized development costs. The periodic amortization charge is derived after determining the expected lifecycle of the related product. Increasing an asset's expected lifecycle or its residual value would result in a reduced amortization charge in the consolidated income statement. The useful lives of our development costs are determined by management at the time of capitalization and reviewed annually for appropriateness and recoverability.

## Employee benefit liabilities

Employee benefit liabilities: employee benefits, especially the provision for employee severance indemnities and other long term incentives, are calculated using actuarial assumptions; changes in such assumptions could have a material impact on such liabilities.



## Leases

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

## Provision for expected credit losses of trade receivables and contract assets

The Group uses a simplified approach in calculating ECLs for trade receivables and contract assets, initially based on the Group's historical observed default rates. The Group will adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

## Income tax expense (current and deferred)

The Group is subject to different tax jurisdictions. The determination of tax liabilities for the Group requires the use of assumptions with respect to transactions whose fiscal consequences are not yet certain at the end of the reporting period. Calculation of taxes on a global scale requires the use of estimates and assumptions based on the information available at the balance sheet date. The deferred tax assets realization is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and the tax loss carried forwards are utilized. Estimating future taxable income requires estimates about matters that are inherently uncertain and requires significant management judgment, and different estimates can have a significant impact on the outcome of the analysis.

## 3. Changes in accounting policies and disclosures

### New accounting standards



The principles and standards utilized in preparing these consolidated financial statements have been consistently applied through all periods presented, with the exception of the new standards and interpretations that are effective for reporting periods beginning on January 1, 2021, described below.

### **New endorsed standards, amendments and interpretations**

The Group adopted the following amendments and interpretations and effective for annual periods beginning on January 1, 2021 but did not require changes to accounting policies or retrospective adjustments.

- Amendments to *IFRS 9 - Financial Instruments*,
- Amendments to *IAS 39 - Financial Instruments: Recognition and Measurement*,
- Amendments to *IFRS 7 - Financial Instruments: Disclosures*,
- Amendments to *IFRS 4 - Insurance Contracts*,
- Amendments to *IFRS 16 - Leases - Interest Rate Benchmark Reform - Phase 2* (issued on August 27, 2020 and effective from periods beginning on January 1, 2021).
- 

The amendments aim at helping companies to provide investors with useful information about the effects of the reform on those companies' financial statements. These amendments focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform. The new amendments relate to:

- changes to contractual cash flows. A company is not required to derecognize or adjust the carrying amount of financial instruments for changes required by the interest rate benchmark reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- hedge accounting. A company does not have to discontinue its hedge accounting solely because it makes changes required by the interest rate benchmark reform if the hedge meets other hedge accounting criteria;
- disclosures. A company is required to disclose information about new risks that arise from the interest rate benchmark reform and how the company manages the transition to alternative benchmark rates.

These amendments had no impact on the consolidated financial statements of the Group.

### **New standards, amendments and interpretations not yet effective**

#### **Amendments to IAS 1 - Classification of Liabilities as Current or Non-current**

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of *IAS 1* to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.

- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice, monitoring the IFRS Interpretations Committee and IASB's discussions, and whether existing loan agreements may require renegotiation.

### **Amendments to IFRS 3 - Reference to the Conceptual Framework**

In May 2020, the IASB issued Amendments to *IFRS 3 - Business Combinations - Reference to the Conceptual Framework*. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of *IFRS 3* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of *IAS 37* or *IFRIC 21 - Levies*, if incurred separately. At the same time, the Board decided to clarify existing guidance in *IFRS 3* for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

### **Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use**

In May 2020, the IASB issued *IAS 16 - Property, Plant and Equipment - Proceeds before Intended Use*, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

### **Amendments to IAS 37 - Onerous Contracts - Costs of Fulfilling a Contract**

In May 2020, the IASB issued amendments to *IAS 37* to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and Administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

### **Amendments to IAS 8 - Accounting Policies, Changes to Accounting Estimates and Errors**

On 12 February 2021, the IASB issued amendments to IAS 8 Accounting Policies, Changes to Accounting Estimates and Errors, in which it introduces a new definition of 'accounting estimates'. The amendments are designed to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments become effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments are not expected to have a material impact on the Group.

### **Amendments to IAS 1 - Presentation of Financial Statements**

In February 2021, the IASB issued amendments to IAS 1 Presentation of Financial Statements in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The IASB also issued amendments to IFRS Practice Statement 2 Making Materiality Judgements (the PS) to support the amendments in IAS 1 by explaining and demonstrating the application of the 'four-step materiality process' to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023. The amendments are not expected to have a material impact on the Group.

### **Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

In May 2021, the IASB issued amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction, that clarify the accounting of deferred tax on transactions such as leases and decommissioning obligations. The main change in Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) is an exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition (this is also explained in the newly inserted paragraph IAS 12.22A). The amendments to IAS 12 are applicable for annual periods beginning on or after 1 January 2023. The amendments are not expected to have a material impact on the Group.

## 4. Scope of consolidation

Stevanato Group S.p.A. is the parent company of the Group and it holds, directly and indirectly, interests in the Group's main operating companies. The Group's scope of consolidation at December 31, 2021 and 2020 is as follows:

### Subsidiaries and associate

The consolidated financial statement of the Group includes the following list of company directly or indirectly controlled:

Name	Segment	Description	Country of incorporation	Type of control	% equity interest	
					2021	2020
Nuova Ompi S.r.l.	Biopharmaceutical	Production of drug containment systems and development of integrated solutions for the pharmaceutical industry	Italy	Direct	100%	100%
Spami S.r.l.	Engineering	Production plant and machinery	Italy	Direct	100%	100%
Stevanato Group International a.s.	Holding	Service/Subholding company	Slovakia	Direct	100%	100%
Medical Glass a.s.	Biopharmaceutical	Production of drug containment systems	Slovakia	Indirect	99.74%	99.74%
Stevanato Group N.A. S. de RL de CV	Biopharmaceutical	Service company	Mexico	Indirect	100%	100%
Ompi N.A. S. de RL de CV	Biopharmaceutical	Production of drug containment systems	Mexico	Direct	30.76%	30.76%
				Indirect	69.24%	69.24%
Ompi of America inc.	Biopharmaceutical	Sale of drug containment systems and analytical services	USA	Indirect	100%	100%
Ompi do Brasil I. e C. de	Biopharmaceutical	Production of drug	Brazil	Direct	79%	79%
Em. Far. Ltda		containment systems		Indirect	21%	21%

Ompi Pharm. Techn. Co. Ltd	Packing Biopharmaceutical	Production of drug containment systems	China	Indirect	100%	100%
Innoscan A/S	Engineering	Production plant and machinery	Denmark	Indirect	100%	100%
SVM Automatik A/S	Engineering	Production plant and machinery	Denmark	Indirect	100%	65% *
Medirio SA	Biopharmaceutical	Research and development	Switzerland	Indirect	100%	100%
Balda Medical GmbH	Biopharmaceutical	Production of in-vitro diagnostic solutions	Germany	Direct	100%	100%
Balda C. Brewer Inc.	Biopharmaceutical	Production of in-vitro diagnostic solutions	USA	Indirect	100%	100%
Balda Precision Inc.	Biopharmaceutical	Production metal components	USA	Indirect	100%	100%
Ompi of Japan Co., Ltd.	Biopharmaceutical	Sale of drug containment systems	Japan	Direct	51%	51%
Swissfillon AG	Biopharmaceutical	Sterile filling services company	Switzerland	Associate	0%	26.94%

\* Not included in minority interests as there is a put and call option for full acquisition (the minority interests would have amounted to 35%).

### Non-controlling interests

The non-controlling interests as at December 31, 2021 and the net profit attributable to non-controlling interests for the years ended December 31, 2020 and 2021 relate to Ompi of Japan Co., Ltd. and Medical Glass a.s.. For further details refer to Note 37.

## 5. Segment Information

Stevanato Group business operations are organized into two reportable segments, based on their specific products and services:

- *Biopharmaceutical and Diagnostic Solutions*, which includes containment solutions, drug delivery systems, medical devices and diagnostic & analytical services;
- *Engineering*, which covers visual inspection, assembly packaging and glass forming machines.

In 2021, Stevanato Group generated 82% of total sales from the Biopharmaceutical and Diagnostic Solutions segment (85% in 2020), and 18% from the Engineering segment (15% in 2020).

Biopharmaceutical and Diagnostic Solutions Segment deals mainly with the design and production of glass containers and packaging solutions, based on sophisticated technical and industrial processes, which involve the use of heavy equipment. The production of Drug Containment Systems (DCS) accounts for more than 50% of total sales and represents the Group core business. Glass manufacturing process is particularly complex as it is based on multiple sophisticated industrial processes, to form, treat, inspect and package drug containment and delivery products. The critical phases of Stevanato Group business model are managed internally while only the production of glass tubes (which serve as the starting point of the internal production process) and the sterilization process for the final products are outsourced to a trusted network of third parties' suppliers. Drug Containment Systems includes ampoules, vials, ready-to-fill containers, cartridges and pre-fillable syringes.

Within the same segment there is also the production of In-Vitro Diagnostic (IVD) Solutions and Drug Delivery Systems (DDS). This sector is particularly complex as it requires constant cooperation with each customer for the development of the specific products they need. The production of plastic products requires development of specific molds based on each customer's requirements and specifications, which molds are then used for stamping of the final product. The product portfolio is highly diversified and includes different products for pharmaceutical, medical and diagnostic industries.

Additionally, the Group has recently entered the drug delivery system business offering pen injectors, dry powder inhalers, auto-injectors and wearable injectors.

Stevanato Group provides also analytical services and regulatory support exclusively to its customers, as ancillary services to the supply of DCS. Stevanato Group analytical testing facilities in Piombino Dese, Italy, and Boston, Massachusetts focus on investigating physic-chemical properties of primary packaging materials and components and studying the interactions between drug containment systems and drugs. The Analytical Services provided include chemical analysis, surface characterization, container performance and interaction, testing on drug delivery systems and customized testing based on the specific need of each client.

Engineering Segment deals with the design, development and production of equipment and machinery for both in-house use and sale to customers (which include some of Stevanato Group competitors). Stevanato Group is driving continuous technological advancements so that its equipment can consistently meet the client's stringent specification requirements. The Group assembles equipment and machinery and develops the software necessary for its functioning beyond working closely with the customers to install the machinery and equipment in their production sites, ensuring they are correctly calibrated and properly functioning. Engineering products include glass converting machinery, visual inspection machinery, assembly platforms, secondary packaging machinery. The after-sales services, mainly consists in the provision of spare parts for our machinery and equipment other than maintenance activity on the machines sold.

The Group also provides professional project management services, supporting its customers in designing their plant layout for the production of bulk and ready-to-use pharmaceutical primary packaging.

The criteria applied to identify the operating segments are consistent with the information reviewed by the Chief Executive Officer (the Group's "Chief Operating Decision Maker") in making decisions regarding the allocation of resources and to assess performance.

**As at and for the year ended December 31, 2021**

(EUR thousand)	Biopharmaceutical and Diagnostic Solutions	Engineering	Total segments	Adjustments, eliminations and unallocated items	Consolidated
External Customers	694,038	149,882	843,920	—	843,920
Inter-Segment	1,134	68,979	70,113	(70,113 )	—
Total Revenues	695,172	218,861	914,033	(70,113 )	843,920
Cost of Sales	465,304	176,604	641,908	(63,393 )	578,515
<b>Gross Profit</b>	<b>229,868</b>	<b>42,257</b>	<b>272,125</b>	<b>(6,720 )</b>	<b>265,405</b>
Other operating income	9,386	—	9,386	—	9,386
Selling and Marketing expenses	7,736	3,196	10,932	9,516	20,448
Research and Development expenses	23,467	4,263	27,730	1,886	29,616
General and Administrative expenses	58,996	11,898	70,894	(8,392 )	62,502
<b>Operating Profit</b>	<b>149,055</b>	<b>22,900</b>	<b>171,955</b>	<b>(9,730 )</b>	<b>162,225</b>
<b>Total assets</b>	<b>885,733</b>	<b>253,767</b>	<b>1,139,500</b>	<b>279,342</b>	<b>1,418,842</b>
<b>Total liabilities</b>	<b>335,919</b>	<b>163,661</b>	<b>499,580</b>	<b>77,603</b>	<b>577,183</b>

**As at and for the year ended December 31, 2020**

(EUR thousand)	Biopharmaceutical and Diagnostic Solutions	Engineering	Total segments	Adjustments, eliminations and unallocated items	Consolidated
External Customers	564,931	97,106	662,037	—	662,037
Inter-Segment	1,096	56,327	57,423	(57,423 )	—

Total Revenues	566,027	153,433	719,460	(57,423 )	662,037
Cost of Sales	398,411	121,332	519,743	(51,882 )	467,861
<b>Gross Profit</b>	<b>167,616</b>	<b>32,101</b>	<b>199,717</b>	<b>(5,541 )</b>	<b>194,176</b>
Other operating income	5,193	31	5,224	7	5,230
Selling and Marketing expenses	9,762	2,842	12,604	7,440	20,044
Research and Development expenses	12,080	3,056	15,136	2,254	17,390
General and Administrative expenses	48,324	9,641	57,965	899	58,863
<b>Operating Profit</b>	<b>102,643</b>	<b>16,593</b>	<b>119,236</b>	<b>(16,127 )</b>	<b>103,109</b>
<b>Total assets</b>	<b>776,832</b>	<b>188,751</b>	<b>965,583</b>	<b>2,396</b>	<b>967,979</b>
<b>Total liabilities</b>	<b>330,624</b>	<b>109,325</b>	<b>439,949</b>	<b>217,890</b>	<b>657,839</b>

Inter-segment revenues and costs are eliminated upon consolidation and reflected in the “adjustments, elimination and unallocated items” column. The most relevant adjustment in revenues relates to the sales of the Engineering’s equipment to the Biopharmaceutical and Diagnostic Solutions.

The reconciliation from total segments Operating Profit to consolidated Profit Before Tax is as follows:

(EUR thousand)	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Segments Operating Profit</b>	<b>171,955</b>	<b>119,236</b>
Finance income	21,709	14,926
Finance expense	18,808	21,848
Share of profit of an associate	547	92
Inter-segment elimination	(9,730 )	(16,127 )
<b>Profit Before Tax</b>	<b>165,673</b>	<b>96,279</b>

As of December 31, 2021 and 2020, no external customer exceeds 10% of group’s revenue. As of December 31, 2021, Biopharmaceutical and Diagnostic Solution Segment and the Engineering Segment have one customer each that individually represent more than 10% of segment's revenue.



Revenues increase by 22.8% (EUR 129,145 thousand) in Biopharmaceutical and Diagnostic Solutions segment is due both to the increase in sales volume of premium priced high-value solutions and to a general increase in demand for the other containment and delivery solutions, partially due to the COVID-19 impact on our industry. Gross profit margin of this segment increases from 29.6% in 2020 to 33.1% in 2021 due to the shift of revenues towards more accretive high value solutions and increased production efficiencies. Biopharmaceutical and Diagnostic Solutions segment operating profit margin increases from 18.1% for the year ended December 31, 2020 to 21.4% for the year ended December 31, 2021.

With reference to Engineering segment, the EUR 65,428 thousand increase in revenues (42.6%) is mainly due to the growth in all business lines of the segment, glass converting, visual inspection machinery, assembly platforms and packaging machinery sales, as well as after sales services. Engineering gross profit margin decreases to 19.3% in 2021 from 20.9% in 2020 which was bolstered by highly accretive short-term projects that were completed under accelerated timeframes in the last quarter of the year. Engineering segment operating profit margin decreases from 10.8% for the year ended December 31, 2020 to 10.5% for the year ended December 31, 2021.

Unallocated assets increase from EUR 2,396 thousand to EUR 279,342 thousand mainly due to the proceeds from IPO received by Stevanato Group S.p.A. For further detail refer to [Note 26](#). Unallocated liabilities decrease from EUR 217,890 thousand to EUR 77,603 thousand mainly due to the decrease in employee benefits liabilities following the early termination of the 2012-2021 and 2018-2022 incentive plans and the decrease in financial liabilities following the early repayment of the existing floating rate bank loans by Stevanato Group S.p.A.. For further details refer to [Note 31](#) and [Note 29](#) respectively.

## 6. Revenues from contract with customers

### Disaggregated revenue information

The table below shows the disaggregation of the Group's revenue from contracts with external customers:

(EUR thousand)	For the year ended December 31, 2021		
	Biopharmaceutical and Diagnostic Solutions	Engineering	Total
<b>Type of goods or service</b>			
Revenues from high-value solutions	207,815	—	207,815
Revenues from other containment and delivery solutions	486,223	—	486,223
Revenues from engineering	—	149,882	149,882
<b>Total revenue from contracts with customers</b>	<b>694,038</b>	<b>149,882</b>	<b>843,920</b>

### Geographical markets

EMEA	415,489	77,985	493,474
APAC	79,463	38,284	117,747
North America	175,231	31,730	206,961
South America	23,855	1,883	25,738
<b>Total revenue from contracts with customers</b>	<b>694,038</b>	<b>149,882</b>	<b>843,920</b>

**Timing of revenue recognition**

Goods and services transferred at a point in time	667,717	35,477	703,194
Goods and services transferred over time	26,321	114,405	140,726
<b>Total revenue from contracts with customers</b>	<b>694,038</b>	<b>149,882</b>	<b>843,920</b>

**For the year ended December 31, 2020**

(EUR thousand)	<b>Biopharmaceutical and Diagnostic Solutions</b>	<b>Engineering</b>	<b>Total</b>
<b>Type of goods or service</b>			
Revenues from high-value solutions	146,332	—	146,332
Revenues from other containment and delivery solutions	418,599	—	418,599
Revenues from engineering	—	97,106	97,106
<b>Total revenue from contracts with customers</b>	<b>564,931</b>	<b>97,106</b>	<b>662,037</b>

**Geographical markets**

EMEA	338,564	59,575	398,139
APAC	54,433	12,702	67,135
North America	151,418	23,501	174,919
South America	20,516	1,328	21,844
<b>Total revenue from contracts with customers</b>	<b>564,931</b>	<b>97,106</b>	<b>662,037</b>

**Timing of revenue recognition**

Goods and services transferred at a point in time	553,789	38,417	592,207
Goods and services transferred over time	11,142	58,689	69,830
<b>Total revenue from contracts with customers</b>	<b>564,931</b>	<b>97,106</b>	<b>662,037</b>

The Group revenues are divided into two main segments:

- **Biopharmaceutical and Diagnostic Solutions:** this segment includes all the products and services developed and provided for containment and delivery of pharmaceutical drugs and diagnostic reagents. This segment is further divided into two sub-categories:
  - o High-value solutions: wholly owned, internally developed products, processes and services for which the Group hold intellectual property rights or have strong proprietary know-how and are characterized by particular complexity or high performance;
  - o Other containment and delivery solutions.
- **Engineering:** this segment includes all the equipment and technologies developed and provided to support the end-to-end pharmaceutical and diagnostic manufacturing processes.

Consolidated revenues at current exchange rates increase by EUR 181,883 thousand, or 27.5%, to EUR 843,920 thousand for the year ended December 31, 2021, compared to EUR 662,037 thousand for the year ended December 31, 2020. Currency movements in USD had a negative impact in 2021. Excluding this effect, consolidated revenues at constant currency exchange rates increase by 28.2%.

With reference to Biopharmaceutical and Diagnostic Solutions segment, revenues in high-value solution increase from EUR 146,332 thousand in 2020 to EUR 207,815 thousand in 2021 (+42.0% or EUR 61,483 thousand), while revenues in other containment and delivery solution increased from EUR 418,599 thousand in 2020 to EUR 486,223 thousand in 2021 (+16.2% or EUR 67,624 thousand).

Engineering segment revenues from contracts with external customers increase to EUR 149,882 thousand compared to EUR 97,106 thousand in 2020 (+54.3% or EUR 52,776 thousand).

Revenues show an increase in all the geographic market with the higher growth in the APAC market (+75.4%). Revenues increase by 18.3% in North America, by 17.8 % in South America and by 23.9% in EMEA, the Group traditional market.

Revenues related to goods and services transferred over time increase by EUR 15,179 thousand, or 136.2%, in the In-Vitro Diagnostic business. Revenues recognized over time increase also in the Engineering segment by EUR 55,716 thousand, or 94.9%, mainly due to the increasing progress on orders where enforceable right is ensured by contractual conditions.

### Contract balances

The following table provides information on contractual asset from contracts with customer:

(EUR thousand)	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
Trade Receivables	165,259	127,818
Contract Assets	62,133	39,430

Contract Liabilities	(18,771	)	(5,031	)
Advances From Customers	(23,616	)	(48,361	)
<b>Total</b>	<b>185,005</b>		<b>113,856</b>	

The contract assets mainly relate to the Group's right to consideration for productions from construction contract not yet invoiced as of the balance sheet date. The amount recognized as contract assets are reclassified to trade receivable as soon as the Groups has an unconditional right to consideration.

Revenue recognized in the current reporting period relates to carried-forward contract liabilities amount to EUR 11,736 thousand in 2021 (EUR 19,765 in 2020). As of December 31, 2021, the aggregate amount of the transaction price allocated to the remaining performance obligation is EUR 74,996 thousand (EUR 56,417 thousand in 2020) and the Group will recognize this revenue as projects are completed, which is expected to occur over the next 12–18 months.

## 7. Cost of sales

Cost of sales are detailed as follows:

(EUR thousand)	For the years ended	
	December 31,	
	2021	2020
Purchases	296,105	226,997
Change in inventories	9,193	(1,739 )
Direct industrial labour	114,807	107,959
Indirect industrial labour	50,339	42,794
Industrial depreciation and amortization	46,258	45,296
Other costs of sales	61,813	46,554
<b>Total Cost of sales</b>	<b>578,515</b>	<b>467,861</b>

Cost of sales for the year ended December 31, 2021 amounts to EUR 578,515 thousand (EUR 467,861 thousand in 2020), consisting mainly in the cost of materials, components and labor expense related to the production and distribution of goods and services. Cost of sales also include depreciation and amortization of EUR 46,258 thousand (EUR 45,296 thousand in 2020).

All Cost of sales items increase in the year ended December 31, 2021 as a result of the significant growth in sales volumes. In particular, the increase in other costs of sales is the direct consequence of the growing revenues in the

Engineering Segment that brings to higher industrial overhead for additional facilities as well as to increase of subcontracting work to cope the additional workload with external resources.

Nevertheless, the overall Cost of sales increased by 23.7%, less than proportionally to revenues mainly due to efficiency maximization in production process and better absorption of industrial overheads.

## 8. Other operating income

Other operating income for the year ended December 31, 2021 amounts to EUR 9,386 thousand (EUR 5,230 thousand in 2020), of which EUR 9,210 thousand are related to (i) contributions from customers for pre-feasibility and feasibility study, development and customization of SG proprietary products; (ii) design and samples activities to perform and improve feasibility study on customized containment solutions; (iii) development and validation activities such as closure validation relating to the last project milestones that allow products industrialization; (iv) post development and validation analysis performed on containment and drug delivery solutions to assure safety and quality; (v) manual samples preparation and packaging (vi) contract cancellation fees and (vii) other recharges. As of December 31, 2020 this type of operating income amounted to EUR 4,958 thousand.

For the year ended December 31, 2021 other operating income include also EUR 176 thousand related to grants received by Ompi Pharma Packaging Tech. Co Ltd and Nuova Ompi of which:

- EUR 106 thousand as grant for machinery technical renovation to support implementation of intelligent manufacturing projects;
- EUR 28 thousand as tax credit for sanification connected to COVID-19.

For the year ended December 31, 2020 the grants received by Nuova Ompi amounted to EUR 272 thousand are broken down as follows:

- EUR 244 thousand from the so-called Sustainable Growth Fund promoted by the Ministry for Productive Activities, in relation to an innovative research project for the development of a series of prototype solutions of innovative glass containers (called Alba) for the primary packaging of parental drugs characterized by the presence of an internal coating;
- EUR 28 thousand as tax credit for sanification connected to COVID-19.

## 9. Expenses

Expenses are detailed as follows:

	<b>For the years ended December 31,</b>	
(EUR thousand)	<b>2021</b>	<b>2020</b>
Selling and Marketing expenses	20,448	20,044
Research and Development expenses	29,616	17,390

General and Administrative expenses	62,502	58,863
<b>Total Expenses</b>	<b>112,566</b>	<b>96,297</b>

For the year ended December 31, 2021 Selling and Marketing expenses amount to EUR 20,448 thousand (EUR 20,044 thousand in 2020). These expenses are mainly related to personnel expenses for sales organizations. They include also depreciation for EUR 787 thousand (EUR 844 thousand in 2020) and release of the provision for bad and doubtful debts for EUR (933) thousand (EUR 1,084 thousand accrual in 2020) of which EUR (936) thousand as release of the provision for expected credit loss and EUR 3 thousand as write off (respectively EUR 1,079 thousand accrual and EUR 5 thousand in 2020).

Selling and Marketing expenses slightly increase by EUR 404 thousand is due to the higher personnel cost to support the ongoing growth in the business as well as an increase in consultancies and marketing costs linked to travel and trade fairs, partially restarted after the stop in 2020 due to COVID-19 pandemic. This increase has been partially offset by the release of bad and doubtful debt provision following the improvement of some positions with external customers.

Research and Development expenses amounting to EUR 29,616 thousand (EUR 17,390 thousand in 2020) include costs for research and development activities to support the innovation of product range and components and include amortization of capitalized development costs for EUR 3,353 thousand (EUR 2,580 thousand in 2020).

Research and Development expenses increase by EUR 12,226 thousand is primarily due to the structuring of the Drug Delivery Systems Department and to the US Technology Excellence Center which became fully operational after the start-up phase in 2020, as well as an increase in personnel expenses due to new hires to sustain and progress the R&D activities launched at group level.

General and Administrative expenses amount to EUR 62,502 thousand (EUR 58,863 thousand in 2020) and mainly comprise personnel expenses for administrative functions, consultancies, directors compensation, rental fees as well as, depreciation and amortization for EUR 5,985 thousand (EUR 5,383 thousand in 2020), of which amortization of fair value adjustments from purchase price allocations amount to EUR 1,039 thousand (EUR 1,039 thousand in 2020).

General and Administrative expenses increase by EUR 3,639 thousand mainly due to the increase in consultancy and insurance costs connected to being a listed company as well as to the increase in depreciation and amortization for the new ERP (Enterprise Resource Planning system) release in some companies of the group. General and administrative expenses include non-recurring accrual reversal amounting to EUR 9,884 thousand related to cash settled awards under incentive plans 2012-2021 and 2018-2022 (early terminated in favor of the new stock grant plan 2021-2027) partially off-set by the non-recurring out of cycle bonus to personnel amounting to EUR 6,526 thousand and by the costs relating to the listing of Stevanato Group shares on NYSE amounting to EUR 794 thousand. Please refer to [Note 31](#) for further details on incentive plans.

## 10. Other information by nature

The breakdown of the Selling, Research & Development and Administrative expenses by nature is as follows:

	<b>For the years ended December 31,</b>	
(EUR thousand)	<b>2021</b>	<b>2020</b>
Personnel	46,489	43,731
Other Costs and Incomes	56,886	42,675
Depreciation and Amortization	10,124	8,807
Expected Credit Losses	(933)	1,084
<b>Total Expenses</b>	<b>112,566</b>	<b>96,297</b>

Depreciation and amortization can be broken down as follows:

	<b>For the years ended December 31,</b>	
(EUR thousand)	<b>2021</b>	<b>2020</b>
Cost of sales	46,258	45,296
Selling and Marketing expenses	787	844
Research and Development expenses	3,353	2,580
General and Administrative expenses	5,985	5,383
<b>Total Depreciation &amp; Amortization</b>	<b>56,383</b>	<b>54,103</b>

For further details on amortization and depreciation, reference should be made to the movements in property, plant and equipment, intangible assets and right of use assets. (Note 17 - 18 - 36).

## 11. Finance income

Finance income are as follows:

	<b>For the years ended December 31,</b>	
(EUR thousand)	<b>2021</b>	<b>2020</b>
Interest income from banks deposits	538	352
Income from financial discounts	18	17

Interest income on loans to associates	10	20
Other financial income	57	295
Gain from the sale of an associate	12,258	—
Foreign currency exchange rate gains	7,588	11,585
Derivatives revaluation	950	2,007
Other fair value adjustments	290	650
<b>Total finance income</b>	<b>21,709</b>	<b>14,926</b>

For the year ended December 31, 2021 the Group realized EUR 12,258 thousand gain from the sale of the entire share capital of Swissfillon AG, of which the sub holding Stevanato Group International held the 26.94% of the share capital. Please refer to [Note 19](#) for more details.

## 12. Finance expense

Finance expense are as follows:

	<b>For the years ended December 31,</b>	
(EUR thousand)	<b>2021</b>	<b>2020</b>
Interest on debts and borrowings	4,286	5,333
Financial discounts and other expenses	102	37
Interest on lease liabilities	585	624
Financial component IAS 19	28	125
Foreign currency exchange losses	10,172	12,033
Derivatives devaluation	3,211	2,471
Other fair value adjustments	424	1,225
<b>Total finance expense</b>	<b>18,808</b>	<b>21,848</b>

Finance expenses include bank interest on the Group's financial debt (recalculated using the amortized cost method) and interest on leases about the portion of financial expenses payable matured in the reporting period on the liabilities, recognized in accordance with *IFRS 16 - Leases*.

Foreign exchange differences are realized, and unrealized gains and losses incurred on transactions in currencies other than the functional currency of the Group; the net foreign currency exchange impact, given by the sum of gains and losses, amounts to EUR (2,584) thousand as of December 31, 2021 and EUR (448) thousand as of December, 31 2020.



Foreign currency exchange losses are affected by non-recurring loss amounting to EUR 4,280 thousand related to a derivative financial instrument entered into to reduce the risk of fluctuations in the EUR/USD exchange rate in relation to the IPO proceeds.

### 13. Employee benefits expense

Employee benefits expense are detailed as follows:

(EUR thousand)	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Included in Cost of sales:</b>		
Wages and salaries	134,619	123,773
Social security costs	25,610	22,720
Pension costs	4,917	4,260
<b>Included in Selling and Marketing expenses:</b>		
Wages and salaries	12,716	11,522
Social security costs	1,531	1,278
Pension costs	403	363
<b>Included in General and Administrative expenses:</b>		
Wages and salaries	26,106	17,313
Social security costs	3,589	2,900
Pension costs	545	545
Cash settled awards	(10,831)	2,394
Stock grant plan	1,740	—
<b>Included in Research and Development expenses:</b>		
Wages and salaries	9,089	6,327
Social security costs	1,270	857
Pension costs	331	232
<b>Total employee benefits expense</b>	<b>211,635</b>	<b>194,484</b>

For the year ended December 31, 2021 personnel costs amount to EUR 211,635 thousand (EUR 194,484 thousand in 2020) including non-recurring accrual reversal of EUR (9,884) thousand related to cash settled awards under incentive plans 2012-2021 and 2018-2022 (early terminated in favor of the new stock grant plan 2021-2027). For the year ended

December 31, 2020 the expenses related to cash settled awards amounted to EUR 2,394 thousand. In the consolidated statement of profit or loss, cash settled awards expenses as well as the stock grant expenses, are mainly included into the General and Administrative line item.

Personnel costs increase by EUR 17,151 thousand and are mainly included in Cost of Sales as a consequence of the new hires to support business growth. Personnel costs increase also in Research and Development due to the significant increase in total number of headcounts and related seniority and geographical allocation of new hires needed to support the new organizational structure of the area. The increase in personnel costs included in General and Administrative expenses is mainly due to the non-recurring out of cycle bonus to personnel amounting to EUR 6,526 thousand which partially off-set the above mentioned cash settled award release.

The average size of the Group's workforce during the year is as follows:

	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Executives	51	42
Managers	126	113
Employees	4,284	3,889
<b>Total Workforce</b>	<b>4,461</b>	<b>4,044</b>

#### 14. Income tax

Income tax expense is as follows:

	<b>For the years ended December 31,</b>	
(EUR thousand)	<b>2021</b>	<b>2020</b>
<b>Current income tax:</b>		
Current Taxes	35,093	28,604
Prior Years Taxes	(6,544	) 918
<b>Deferred tax:</b>		
Deferred Taxes	2,855	(11,840 )
<b>Income tax expense reported in the statement of profit or loss</b>	<b>31,404</b>	<b>17,682</b>

	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
(EUR thousand)		
<b>Deferred tax related to items recognized in OCI during in the year:</b>		
Gains/(losses) from remeasurement of employee of defined benefit plans and of agent termination plans	26	15
Change in the fair value of hedging instruments	(653)	) 173
<b>Deferred tax charged to OCI</b>	<b>(627)</b>	<b>) 188</b>

The table below provides a reconciliation between actual income tax expense and the theoretical income tax expense, calculated on the basis of the applicable corporate tax rate in effect in Italy.

	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
(EUR thousand)		
<b>Accounting profit before income tax</b>	<b>165,673</b>	<b>96,279</b>
Statutory income tax rate of 27.9%	46,223	26,862
Prior years taxes	(6,544)	) 918
DTA recognized on tax losses carry-forward	(1,947)	) (41 )
Taxes effect on unremitted earnings	400	1,248
Step up	—	(7,926 )
Change notional rate	—	361
Tax grants/not taxable items	(1,157)	) (2,146 )
Tax exemption on gain from the sale of an associate	(3,378)	) —
Different foreign tax rate effect	(2,193)	) (1,594 )
<b>At the effective income tax rate of 18.96% (18.40% in 2020)</b>	<b>31,404</b>	<b>17,682</b>
Income tax expense reported in the statement of profit or loss	31,404	17,682

Effective group's tax rate slightly increase in 2021, is mainly due to several non-recurring items that affected the income tax expense:

- a release of deferred tax assets for EUR 2,421 thousand related to equity movements due to the early termination of incentive plans aimed at a limited number of executives;
- in March 2021, the group reached an agreement with Italian Tax Agency regarding the so called "Patent Box regime", resulting in a retroactive EUR 7,559 thousand tax saving for the financial years 2016-2020. The Patent Box regime is a tax exemption related to, inter alia, the use of intellectual property assets. Business income derived from the use of

each qualified intangible asset is partially exempted from taxation for both IRES and IRAP purposes. The Patent Box tax benefit relating to the years 2016-2020 is recorded within taxes relating to prior years.

- a gain on the sale of the minority interest in Swissfillon AG for EUR 12,258 thousand which is exempt from CIT;
- a tax accrual amounting to EUR 900 thousand related to an ongoing tax audit on fiscal year 2016.

Unrecognized tax losses as at December 31, 2021 and as at December 31, 2020 amounts to EUR 3,800 thousand and to EUR 8,794 thousand respectively. Deferred tax assets have not been recognized in respect of such tax losses carry-forwards because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

The breakdown on the timing of tax losses carry-forwards is as follows:

(EUR thousand)	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
<b>Timing of unrecognized tax losses carry-forwards</b>		
2022	16	15
2023	320	306
2024	351	336
2025	315	304
2026	318	262
2027	274	283
Unlimited	<u>2,206</u>	<u>7,288</u>
<b>Total unrecognized tax losses</b>	<b><u>3,800</u></b>	<b><u>8,794</u></b>

The analysis of deferred tax assets and deferred tax liabilities as at December 31, 2021 and 2020 is as follows:

(EUR thousand)	<b>Consolidated of financial position</b>	<b>statement</b>
	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
Other intangible assets	(3,167 )	(3,914 )
Tangible assets	12,178	10,530
Work in progress	(5,156 )	(4,581 )
Revaluations of investment properties to fair value	8,009	9,104
Expected credit losses of debt financial assets	1,429	1,683

Derivatives	403	1,056
Leases	251	178
Long term incentives	816	1,057
Cash settled awards	325	5,120
Provisions	2,351	5,413
Accruals and other provisions	62	906
Tax losses carry forward	14,888	8,636
Dividends	(1,300	) (1,200
Start up costs IPO SG spa	5,369	—
Other effects	314	(59
<b>Deferred tax assets, net</b>	<b>36,772</b>	<b>33,929</b>
Reflected in the statement of financial position as follows:		
Deferred tax assets	55,877	45,552
Deferred tax liabilities	(19,105	) (11,623
<b>Deferred tax assets, net</b>	<b>36,772</b>	<b>33,929</b>

Deferred taxes are calculated based on the global allocation criteria, taking into account the cumulative amount of all the temporary differences, based on the average expected rates in force when these temporary differences reverse.

Deferred tax assets are recorded if there is the reasonable certainty that the temporary differences will reverse in future years against assessable income not lower than the differences that will be reversed. In assessing the realizability of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and the tax loss carry-forwards are utilized.

The reconciliation of net deferred tax assets is as follows:

(EUR thousand)	<b>2021</b>	<b>2020</b>
<b>As of January 1</b>	<b>33,929</b>	<b>22,669</b>
Tax expense during the period recognized in profit or loss	(2,855	) 11,840
Tax income/(expense) during the period recognized in OCI	(627	) 188
DTA on IPO transaction costs on capital increase	6,711	—
Other effect	(386	) (768
<b>As at December 31</b>	<b>36,772</b>	<b>33,929</b>

The other effect movement includes foreign exchange differences and minor reclassification.

## 15. Earnings per Share

Basic earnings per share (EPS) is calculated by dividing into the profit attributable to equity holders of the parent by the weighted average number of common shares issued net of the treasury shares held by the Group and the vested awards under the 2012-2021 incentive plan (as of December 31, 2020).

As of December 31, 2021 the weighted average number of shares for diluted earnings per share was increased to take into consideration the theoretical effect of potential ordinary shares that would be assigned to the beneficiaries based on the Group's equity incentive plans (see [Note 31](#) for further details on the equity incentive plans). There is no dilution impact as of December 31, 2020, resulting in basic and diluted earnings per share being the same.

The Shareholder's meetings held on March 4, 2021 and on July 1, 2021 approved respectively, two different share splits, as explained also in [Note 27](#). The number of ordinary shares outstanding has been retrospectively adjusted as if such events had occurred at the beginning of the earliest period presented.

The following table reflects the income and share data used in the basic and diluted EPS calculation:

(EUR thousand)	At December 31, 2021	At December 31, 2020
<b>Profit attributable to ordinary equity holders of the parent</b>	<b>134,321</b>	<b>78,513</b>
<b>Weighted average number of ordinary shares for basic EPS</b>	<b>252,670,872</b>	<b>240,501,960</b>
<b>Weighted average number of ordinary shares adjusted for the effect of dilution</b>	<b>252,690,321</b>	<b>240,501,960</b>
	<b>2021</b>	<b>2020</b>
Basic earnings per common share (in EUR)	0.53	0.33
Diluted earnings per common share (in EUR)	0.53	0.33

## 16. Goodwill

In accordance with *IAS 36 - Impairment of assets*, Goodwill is tested for impairment annually, or more frequently if facts or circumstances indicate that the asset may be impaired. Impairment testing is performed by comparing the carrying

amount and the recoverable amount of the CGU to which it is allocated. The recoverable amount of the CGU is the higher of its fair value less costs of disposal and its value in use.

Stevanato Group is organized in two main operating segments: Biopharmaceutical and Diagnostic Solutions and Engineering. Each segment comprehends different legal entities:

- the Biopharmaceutical and Diagnostic Solutions segment is focused on the production of drug containment systems (syringes, pen and dental cartridges, vials for liquid and lyophilized drugs and ampoules) and the development and contract manufacturing of customer-specific, multi-component plastic products within pharma, diagnostics and medical.
- the Engineering ("Engineering System Division" - ESD) segment is focused on advanced technologies and machinery for the transformation of glass tubing into containers for the pharmaceutical industry, for packaging & assembling of medical devices and for inspection of pharmaceutical products.

For impairment test on goodwill purposes, the Management has identified two different cash-generating units (CGUs) within the Biopharmaceutical and Diagnostic Solutions segment, the Drug Containment Systems (DCS) and the In-Vitro Diagnostic (IVD) consumables & Drug Delivery Systems (DDS) CGU, while within the ESD segment Stevanato Group's Management has not identified multiple CGUs.

Drug containment systems offering includes a comprehensive portfolio of glass containers, pen and dental cartridges, vials for liquid and lyophilized drugs and ampoules. Syringes, cartridges and vials are produced both in bulk and sterilized formats. Furthermore, the Group offers a full range of analytical and testing services focused on investigating the physio-chemical properties of primary packaging materials and studying the interactions between drug containment system and drugs. DCS has been considered as a CGU even if glass production plants are located in 5 different countries, because the production planning, marketing and selling is managed at a central level.

In-vitro diagnostic consumables & drug delivery systems offers CDMO and CMO to customer in the pharma, diagnostic and medical markets. The Group's business line provides integrated solutions from early development to launched combination product. It offers a broad range of services, capabilities and technologies that are suited to support the device needs of biopharma companies. In-vitro diagnostic consumables & drug delivery systems has been considered as a CGU even if the group has two plants in two countries in the IVD & DDS, because the production is interchangeable: the Group can undertake the same production processes and plants/organizations cooperate in projects in order to provide the customer the same offering worldwide.

Engineering System Division - ESD offers machinery from the pharma sector including machinery for the transformation of glass tubing into containers, machinery for packaging and assembly of medical devices and machinery for inspection of pharmaceutical products. Engineering has been considered as a CGU because the product lines inside the engineering operations are strongly tied: shared teams work together in Italy and Denmark to produce the same machinery. Glass converting machines adopts packaging and assembly technologies to deliver the finished product. Furthermore, the three different types of machinery that the Group has in its product portfolio can be combined and offered to the customer as one single solution.

For the purpose of impairment testing, goodwill is allocated by CGU (cash generating unit) as follows:

(EUR thousand)	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
Drug Containment Systems	4,976	4,976
In-vitro Diagnostic Consumables & Drug Delivery Systems	26,828	26,828
Engineering Systems	15,438	15,438
<b>Total Goodwill</b>	<b>47,243</b>	<b>47,243</b>

The objective of the impairment test is to compare the recoverable amount of each CGU with their corresponding carrying amount of net assets including goodwill. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The Group determines the value in use of the CGU to which the goodwill refers, meaning the present value of the future cash flows expected to be derived from continuous use of the assets; any cash flows arising from extraordinary events are therefore ignored.

In particular, value in use is determined by applying the Discounted Cash Flow ("DCF") method. This method has been applied with a two-stage approach, the first corresponding to the explicit forecast period (2022-2027) and the second corresponding to a terminal value derived with inertial criteria for the period after 2027. The explicit period corresponds with the horizon of the plans prepared by the management assuming realistic scenarios on the information available at the reporting date.

The growth rate in terminal value used for projecting beyond the explicit planning period (2022-2027) is 1% for all the CGUs, deemed representative of a precautionary growth rate in terminal values, given the potential future competition within the sector and the discount factor considered.

The principal assumptions adopted by the management in drawing up the projections relates mainly to a growth in volumes of products and a different products mix, shifting to high-value solutions sales, expanding SG EZ-fill® industrial footprint to address customer proximity and reshoring needs. Volumes and sales mix used for estimating the future cash flows are based on assumptions that are considered reasonable and sustainable and represent the best estimate of expected conditions regarding market trends for the CGU over the period considered.

The cash flows and discount rate were determined net of tax. Future cash flows are discounted using the weighted average cost of capital (WACC); this is estimated with a beta factor derived on the basis of a peer group. The discount rate, 6.30% for DCS and for IVD & DDS and 6.20% for ESD, used for the CGUs, reflects therefore current market assessments and the time value of money and takes account of the risks specific to the sector. The discount rates used in the previous year were respectively 6.40% for DCS and for IVD & DDS and 6.70% for ESD.

Recoverable amounts obtained through the value in use were however subject to sensitivity analysis, in order to establish how the value in use may alter based on a change in the profitability parameters utilized in the future cash flows or in the discount rate applied to such cash flows, considering each factor individually. Following these analyses, CGU's present expected cash flows would absorb normal changes in the parameters of the commonly used sensitivity analyses performed.



Finally, has been identified which discount rate and which alteration to the forecast EBITDA at Continuing Value within the impairment test would allow a value in use equal to the carrying amount of the net assets of the respective CGU's. This further sensitivity analysis resulted in the identification of breakeven for the DCS CGU with a WACC of 17.07%, or an average contraction of EBITDA at Continuing Value (everything else equal) of 44.61%. The same indicators for the IVD & DDS CGU were respectively 9.37% for the WACC and 20.52% for EBITDA at CV. With regards to the ESD CGU, these indicators equated to a reduction in the EBITDA at CV of 59.15% and a WACC of 19.58%.

The impairment test for the goodwill did not result in any need for impairment.

## 17. Intangible assets

Changes in intangible assets for the year ended December 31, 2021 are as follows:

(EUR thousand)	Development costs	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Intangible fixed assets in process and advances	Other intangible assets	Total
<b>Cost</b>						
<b>At January 1, 2020</b>	<b>13,505</b>	<b>11,291</b>	<b>24,973</b>	<b>3,554</b>	<b>10,851</b>	<b>64,174</b>
Additions	1,673	2,145	132	1,912	577	6,439
Reclassifications	1,891	1,646	302	(3,863)	24	—
Exchange rate differences	44	(222)	(37)	(15)	(500)	(730)
<b>At December 31, 2020</b>	<b>17,113</b>	<b>14,860</b>	<b>25,370</b>	<b>1,588</b>	<b>10,952</b>	<b>69,883</b>
Additions	112	1,298	345	3,688	46	5,489
Disposals	(1,153)	(138)	—	(362)	(91)	(1,744)
Reclassifications	—	856	—	(856)	—	—
Exchange rate differences	9	47	162	15	399	632
<b>At December 31, 2021</b>	<b>16,081</b>	<b>16,923</b>	<b>25,877</b>	<b>4,073</b>	<b>11,306</b>	<b>74,260</b>
<b>Amortization</b>						
<b>At January 1, 2020</b>	<b>4,401</b>	<b>8,124</b>	<b>10,987</b>	<b>—</b>	<b>5,838</b>	<b>29,350</b>
Amortization	2,569	1,622	1,837	—	757	6,785
Exchange rate differences	17	(42)	(6)	—	(122)	(153)
<b>At December 31, 2020</b>	<b>6,987</b>	<b>9,704</b>	<b>12,818</b>	<b>—</b>	<b>6,473</b>	<b>35,982</b>
Amortization	2,896	2,243	1,656	—	709	7,504

Disposal	(1,134	) (139	) —	—	(62	) (1,335	)
Exchange rate differences	3	30	28	—	120	181	
<b>At December 31, 2021</b>	<b>8,752</b>	<b>11,838</b>	<b>14,502</b>	<b>—</b>	<b>7,240</b>	<b>42,332</b>	

#### Net book value

At December 31, 2021	7,329	5,085	11,375	4,073	4,066	31,928	
At December 31, 2020	10,126	5,156	12,552	1,588	4,479	33,901	

Development costs are referred to costs for the study, design and prototype development for products which have been or are expected to be commercialized and for which is probable that the expected future economic benefits will flow to the entity. Development expense is recognized in the consolidated income statement as Research and Development expenses.

Industrial patents and intellectual property rights increase in EUR 1,298 thousand due to the acquisition of licenses for IT Systems and the capitalization of costs associated with upgrading the enterprise resource planning system (ERP).

Concessions, licenses, trademarks and similar rights with a total carrying amount of EUR 11,375 thousand (EUR 12,552 thousand in 2020) mainly includes the tradenames related to Balda Group companies.

Intangible fixed assets in process and advances refer to ongoing projects which shall conclude in the subsequent years. Intangible fixed assets and advances increase in EUR 3,688 thousand mainly due to the integration of our business divisions into the cloud-based enterprise resource planning system. The Group performed an analysis on such cloud computing arrangements for identifying whether they provided a resource identifiable as intangible assets and established that the Group has the power to obtain the future economic benefits flowing from the underlying resources and to restrict the access of others to those benefits. In particular, the analysis was aimed at identifying whether (i) the Group has the contractual right to take possession of the software during the hosting period without significant penalty and (ii) it is feasible for the Group to run the software on its own hardware or contract with another party unrelated to the supplier to host the software.

No impairment indicators have been identified for intangible assets and therefore no impairment losses have been accounted for. No changes in the useful life of intangible assets have occurred in all periods presented.

## 18. Property, plant and equipment

Changes in items of property, plant and equipment in 2021 are as follows:

(EUR thousand)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Assets under construction and advances	Total
<b>Cost</b>						
<b>At January 1, 2020</b>	<b>147,872</b>	<b>353,971</b>	<b>33,503</b>	<b>11,112</b>	<b>25,184</b>	<b>571,642</b>
Additions	5,441	24,958	6,539	925	51,265	89,128
Disposals	—	(1,724 )	(40 )	(36 )	(3 )	(1,803 )
Reclassifications	811	12,266	1,727	43	(14,847 )	—
Exchange rate differences	(5,793 )	(13,569 )	(540 )	(728 )	(306 )	(20,936 )
<b>At December 31, 2020</b>	<b>148,331</b>	<b>375,902</b>	<b>41,189</b>	<b>11,316</b>	<b>61,293</b>	<b>638,031</b>
Additions	2,060	26,826	3,862	913	82,970	116,631
Disposals	(141 )	(7,759 )	(1,188 )	(421 )	(35 )	(9,544 )
Reclassifications	7,719	44,412	2,027	856	(55,014 )	—
Exchange rate differences	1,946	6,358	379	227	732	9,642
<b>At December 31, 2021</b>	<b>159,915</b>	<b>445,739</b>	<b>46,269</b>	<b>12,891</b>	<b>89,946</b>	<b>754,760</b>
<b>Depreciation and impairment</b>						
<b>At January 1, 2020</b>	<b>59,139</b>	<b>198,878</b>	<b>25,481</b>	<b>7,558</b>	<b>—</b>	<b>291,056</b>
Depreciation charge for the year	5,384	30,121	4,610	1,037	—	41,152
Impairment	210	—	—	—	—	210
Disposals	—	(1,741 )	(12 )	(38 )	—	(1,791 )
Exchange rate differences	(1,170 )	(4,454 )	(179 )	(450 )	—	(6,253 )
<b>At December 31, 2020</b>	<b>63,563</b>	<b>222,804</b>	<b>29,900</b>	<b>8,107</b>	<b>—</b>	<b>324,374</b>
Depreciation charge for the year	5,319	29,549	5,660	1,206	—	41,734
Impairment	—	547	396	—	—	943
Disposals	(140 )	(7,330 )	(1,053 )	(410 )	—	(8,933 )
Exchange rate differences	689	2,912	154	170	—	3,925
<b>At December 31, 2021</b>	<b>69,431</b>	<b>248,482</b>	<b>35,057</b>	<b>9,073</b>	<b>—</b>	<b>362,043</b>
<b>Net book value</b>						
<b>At December 31, 2021</b>	<b>90,484</b>	<b>197,257</b>	<b>11,212</b>	<b>3,818</b>	<b>89,946</b>	<b>392,717</b>

At December 31, 2020	84,768	153,098	11,289	3,209	61,293	313,658
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The Group's property, plant and equipment mainly include:

- Land and buildings in the amount of EUR 90,484 thousand as at December 31, 2021 and EUR 84,768 thousand as at December 31, 2020, mainly consisting of industrial properties;
- Plant and machinery in the amount of EUR 197,257 thousand as at December 31, 2021 and EUR 153,098 thousand as at December 31, 2020 including machine and equipment for producing glass and plastic containers for pharmaceutical use.
- 

The yearly increase in property, plant and equipment amounts to EUR 116,631 thousand, of which 80.9% to support the Group growth strategy.

Increase in Land and buildings principally concerns the construction of new industrial facilities mainly in the Mexican production plant and the renovation of the new Spami plant near the Headquarter premises in Piombino Dese, Italy. With reference to the Mexican plant, the overall increase amounting to about EUR 4.5 million (considering both the yearly additions and the reclassification from assets under construction) is related to the expansion of the production facility.

The overall increases in Plant and machinery, considering both the yearly additions and the reclassification from assets under construction, amount to EUR 71,238 thousand and mainly refer to the purchase of new production equipment necessary to guarantee a high product quality standard and a high production capacity, characteristics necessary to consolidate the company's position in the biopharmaceutical market.

Assets under construction, amounting to EUR 89,946 thousand as at December 31, 2021 and EUR 61,293 thousand as at December 31, 2020, includes investments in production lines and machines for syringes, vials and cartridges production which have not yet been completed but are expected to enter into use in the coming year. This category also includes investments for the construction of new clean rooms in Balda C. Brewer plant, the investment for the new EZ-Fill® hub in China, a new building in Piombino Dese that will host both corporate offices and production areas and the investments for the construction of the new U.S. facility in Fishers, Indiana. This latter is expected to be operational in 2023 and will enable Stevanato Group to be in closer proximity to its North America pharmaceutical customers and to provide an additional supply source for its mission critical products to serve customers better. The plant, which was initially expected to be up to 34,374 square meters in size, will support the expansion and production of Stevanato Group's EZ-Fill® solutions, pre-sterilized drug containment systems for bio-pharmaceutical use. The decision to follow a modular approach allows the Group to be flexible in modifying or changing the capacity to meet market demand. The facility is expected to house state-of-the-art production lines equipped with advanced process technologies to produce EZ-Fill® syringes and vials. Stevanato Group's EZ-Fill® solutions offer significant benefits to bio-pharmaceutical companies by reducing time to market, lowering the overall total cost of ownership and reducing supply chain risk. In addition, Stevanato Group plans to use the new facility as a center for after-sales support dedicated to serving its North America Engineering customers, offering technical support as well as maintenance for visual inspection, assembly and packaging equipment.

At the year end, no impairment indicators have been identified and furthermore no need to reassess useful life of property, plants and equipment.

## 19. Investments in an associate

As of December 31, 2020 the Group had a 26.94% interest in Swissfillon AG, located in Switzerland, which is involved in sterile filling services. That company is not listed on any public stock exchange. The Group's interest in Swissfillon AG was accounted for using the equity method in the consolidated financial statements. On October 22, 2021, the sub holding Stevanato Group International signed the shares purchase agreement for the sale and the transfer of all the owned shares in Swissfillon AG for approximately CHF 15.8 million, realizing a gain equal to EUR 12,258 thousand as disclosed in [Note 11](#). The Group therefore derecognized this associate and recognized in profit or loss the difference between the sum of the proceeds received and any retained interest, and the carrying amount of the investment in the associate at the date significant influence was lost.

(EUR thousand)	<b>2021</b>	<b>2020</b>
<b>At January 1</b>	<b>2,009</b>	<b>1,917</b>
Proportionate share of net profit for the year	547	92
Derecognition of the associate after minority interest sale	(2,556)	—
<b>At December 31</b>	<b>—</b>	<b>2,009</b>

Summarized financial information relating to Swissfillon AG for the year ended December 31, 2020:

(EUR thousand)	<b>At December 31, 2020</b>
Current assets	3,256
Non-current assets	8,462
Current liabilities	3,429
Non-current liabilities	7,152
<b>Equity</b>	<b>1,138</b>
Group's share in equity – 26.94% in 2020	306
Goodwill	1,729
Exchange rate differences	(26)
<b>Group's carrying amount of the investment</b>	<b>2,009</b>
	<b>For the year ended December 31,</b>

(EUR thousand)	<b>2020</b>
Revenue from contracts with customers	11,230
Cost of materials and services	4,016
Personnel expenses	3,616
Other operating expenses	2,120
Depreciation and amortization	946
Finance costs	168
<b>Profit before tax</b>	<b>364</b>
Income tax expense	21
<b>Net Profit</b>	<b>343</b>
<b>Group's share of profit for the year</b>	<b>92</b>

## 20. Financial assets - investments FVTPL

Financial assets amount to EUR 1,084 thousand at December 31, 2021 (EUR 760 thousand at December 31, 2020), primarily include the investment in Biologix Partners LP, which is measured at fair value through profit or loss and amounts to EUR 1,024 thousand at December 31, 2021 (EUR 745 thousand at December 31, 2020). Additional disclosures on fair value measurement has been included on [Note 30](#).

## 21. Financial assets

The following table details the composition of financial assets:

(EUR thousand)	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
Receivables from financing activities	447	5,956
Other non-current financial assets	887	745
<b>Other non-current financial assets</b>	<b>1,334</b>	<b>6,701</b>
Fair value of derivatives financial instruments	49	19
Other securities	27,168	41,524
<b>Other current financial assets</b>	<b>27,217</b>	<b>41,543</b>

**Financial Assets**
**28,551**
**48,244**

Receivables from financing activities assets include financial loan amounting to EUR 447 thousand as at December 31, 2021 in favour of a restricted number of key manager in connection with the stock grant plan. The decrease in receivables from financing activities is mainly due to the reimbursement of the financial loan granted to some of the beneficiaries of the incentive plan 2012-2021, which was early terminated in 2021, and to the reimbursement of the loan granted to the former associate Swissfillon AG.

Other securities include guaranteed investment funds managed by Société Générale SA, which are measured at fair value. The decrease in other securities is due to the redemption of part of the insurance policies in 2021.

**22. Inventories**

Inventories, shown net of an allowance for obsolete and slow-moving goods, can be analyzed as follows:

	<b>At December 31,</b>	<b>At December 31,</b>
(EUR thousand)	<b>2021</b>	<b>2020</b>
Raw materials	58,484	41,889
Semifinished products	29,878	46,479
Finished products	64,252	55,394
Advances to suppliers	9,554	7,920
Provision from slow moving and obsolescence	(13,251 )	(12,309 )
<b>Total inventories</b>	<b>148,917</b>	<b>139,373</b>

The accrual of the provision for slow moving and obsolete inventories recognized within cost of sales for the years ended December 31, 2021 and 2020 is EUR 1,878 thousand and EUR 2,109 thousand respectively. Changes in the provision for slow moving and obsolete inventories are as follows:

(EUR thousand)	<b>2021</b>	<b>2020</b>
<b>As at January 1</b>	<b>12,309</b>	<b>13,252</b>
Provision	1,878	2,109
Utilizations and other changes	(936 )	(3,052 )
<b>As at December 31</b>	<b>13,251</b>	<b>12,309</b>

## 23. Trade receivables and contract assets

Trade receivables and contract assets are analyzed as follows:

(EUR thousand)	At December 31, 2021	At December 31, 2020
Trade receivables	171,803	135,514
Allowance for expected credit losses	(6,544)	(7,696)
<b>Total trade receivables</b>	<b>165,259</b>	<b>127,818</b>
<i>Expected credit loss rate</i>	3.8	% 5.7

Trade receivables are non-interest bearing and are generally on term of 60 to 90 days. The Group is not exposed to significant concentration of third-party credit risk.

Trade receivables breakdown by geographical area is shown below:

(EUR thousand)	At December 31, 2021	At December 31, 2020
EMEA	90,518	67,884
APAC	27,200	15,637
North America	43,762	37,261
South America	10,323	14,732
<b>Total Trade Receivables</b>	<b>171,803</b>	<b>135,514</b>

Trade receivables are stated net of an allowance for expected credit losses which has been determined in accordance with *IFRS 9* amounting to EUR 6,544 thousand and EUR 7,696 thousand for 2021 and 2020 respectively:

(EUR thousand)	2021	2020
<b>As at January 1</b>	<b>7,696</b>	<b>7,355</b>
Accruals	3,478	1,631
Releases	(4,413)	(552)
Utilizations	(390)	(374)
Exchange rate differences	173	(364)



**As at December 31**

<b>6,544</b>	<b>7,696</b>
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### Contract assets

Contract assets relate to ongoing customer-specific construction contracts of the Engineering segment and from the In-vitro diagnostic business. As such, the balances of this account vary and depend on the number of ongoing construction contracts at the end of the year. The Group has contract assets of EUR 62,133 thousand as at December 31, 2021 (EUR 39,430 thousand as at December 31, 2020). Contract assets gross amounts to EUR 138,854 thousand (EUR 86,905 thousand as at December 31, 2020), net of invoices issued of EUR 76,721 thousand (EUR 47,476 thousand as at December 31, 2020).

## 24. Tax receivables and tax payables

The breakdown in the account is as follows:

	At December 31, 2021	At December 31, 2020
(EUR thousand)		
Tax Receivables	25,063	14,188
Tax Payables	(19,440 )	(18,543)

As of December 31, 2021 the Group re-assessed the classification of VAT receivables and payables in its consolidated statement of financial position. These items were previously reported as tax receivables and payables and are now being reported as other receivables and payables in accordance with IAS 12. The Group applied such reclassification retrospectively that resulted in the decrease of tax receivable and payables, respectively, of EUR 10,845 thousand and EUR 583 thousand at December 31, 2020 with a corresponding increase in other receivables and payables. The reclassification has no impact on the profit/(loss) and basic and diluted earnings per share of the Group for the years ended December 31, 2020.

Tax receivables amount increase significantly compared to the previous year mainly due to increased CIT advance payments (EUR 9,577 thousand in 2021, EUR 5,658 thousand in 2020), credit for tax grants (EUR 8,687 thousand in 2021, EUR 4,887 thousand in 2020), Patent Box credit not yet offset (EUR 3,191 thousand in 2021).

Tax liabilities slightly increase compared to 2020, mainly due to increased CIT liabilities.

## 25. Other receivables

Other receivables are disclosed as follows:

	<b>At December 31,</b>	<b>At December 31,</b>
(EUR thousand)	<b>2021</b>	<b>2020</b>
Advances to suppliers	373	416
Accrued income and prepayments	5,555	2,105
VAT receivables	18,198	10,845
Other receivables	2,215	1,458
<b>Total other receivables</b>	<b>26,341</b>	<b>14,824</b>

## 26. Cash and cash equivalents

This balance consists of bank current accounts and other cash equivalents.

As at December 31, 2021, the Group has Cash and cash equivalents of EUR 411,039 thousand compared to EUR 115,599 thousand in the previous year. On July 20, 2021, the Group completed its initial public offering, at completion of which it received aggregate net proceeds of EUR 367,810 thousand, after deducting underwriting discounts and commissions, offering expenses and considering the hedging instrument entered into to reduce the risk of fluctuations in the EUR/USD exchange rate in relation to the IPO proceeds. On August 18, the underwriters further purchased 712,796 additional newly issued shares from the Company to cover over-allotments driving the total primary net proceeds of the offering, including the overallotment, to EUR 380,090 thousand.

## 27. Equity

The main objective of the Group's capital management is to guarantee maintenance of a solid credit rating and adequate financial ratios with a view to supporting business activity and maximizing value for the shareholders.

Movements in the equity accounts are reported in the Consolidated Statements of Changes in Equity; comments on the main components and their changes are provided below.

### Share capital

As of December 31, 2021 the company paid-in share capital amounts to EUR 21,698 thousand and is divided into 295,540,036 shares without any nominal value.

In particular, on March 4, 2021, the extraordinary Shareholders' meeting approved the elimination of the indication of the EUR 1,000 nominal value of the 20,002 existing issued shares and the issuance of additional 99,989,998 ordinary

shares with no par value to be allocated free of charge to shareholders in proportion to the shares held by each of them without giving rise to changes in the amount of the share capital.

On July 1, 2021 the Shareholder's meeting approved a further share split following which all the existing 100,010,000 shares have been split into a total of 272,427,240 shares in the ratio of 2,724 new shares post-split for each share outstanding prior to the share split.

Lastly, the Shareholder's meeting resolved to increase the share capital by issuing a maximum of 40,000,000 ordinary shares with the exclusion of the option right as a service of the trading of ordinary shares on the New York Stock Exchange (NYSE). The Shareholder's meeting further resolved to adopt the new Company bylaws which contain the partition of the share capital into two categories of shares, ordinary shares and Class A multiple voting shares, the latter not being listed.

On completion of the listing process, the subscription collected involved 23,112,796 ordinary shares with an increase of the share capital amounting to EUR 1,696 thousand.

### Share Premium Reserve

The share premium reserve includes the additional paid-in capital raised during the Initial Public Offering net of the listing costs pertaining to the public subscription offer to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. As of December 31, 2021 the share premium reserve amounts to EUR 389,312 thousand.

### Treasury shares

Following the resolution of the Board of Directors to early terminate the incentive plan 2012-2021 and to revoke incentive plan 2018-2022, on March 4, 2021 and on June 3, 2021 the Company repurchased a total of n. 29 ordinary shares (corresponding to 394,980 ordinary shares after the second share split) and a total of n. 850,000 ordinary shares (corresponding to 2,315,400 ordinary shares after second share split), respectively, from the beneficiaries of the cash settled awards under the above mentioned incentive plans for EUR 1,791 thousand.

On June 3, 2021 the Company transferred a total of 133,210 ordinary shares (corresponding to 362,865 ordinary shares after the second share split) to the beneficiaries of the so called "Restricted Stock Grant Plan 2021-2027" and to certain members of the Board of Directors for a total value of EUR 240 thousand.

As of December 31, 2021 a total of 30,840,555 of Company's A shares are held in treasury for a total cost of EUR (27,740) thousand. The amount of ordinary shares (prior to the conversion in A shares) held in treasury as of December 31, 2020 has been retroactively adjusted to reflect the share split occurred later on July 1, 2021 resulting in a total of 28,493,040 Company's share for a total cost of EUR (26,189) thousand.

### Cash flow hedge reserve

Cash flow hedge reserve reflects the negative change in fair value of derivatives financial instruments, designated as cash flow hedges to hedge highly probable forecast transactions. As of December 31, 2021 cash flow hedge reserve amounts to EUR (1,277) thousand compared to EUR (3,345) thousand as of December 31, 2020.

### Reserve for actuarial gains/losses

Reserve for actuarial gains/losses includes actuarial gains and losses on the net defined employees benefits liability and on the agents termination plans. As of December 31, 2021 the reserve for actuarial gains/losses amounts to EUR (745) thousand compared to EUR (675) thousand as of December 31, 2020.

### Currency translation reserve

The currency translation reserve includes the cumulative foreign currency translation differences arisen from the translation of financial statements denominated in currencies other than Euro; as of December 31, 2021 it amounts to EUR (22,680) thousand compared to EUR (34,911) thousand as of December 31, 2020. The decrease is mainly due to the appreciation against Euro of the Chinese Renminbi, the Mexican Peso, and the US Dollar occurred in 2021, currencies in which the net assets of some of the companies belonging to the Group are denominated.

### Retained earnings and other reserves

Retained earnings and other reserves include:

- a legal reserve of EUR 4,000 thousand as of December 31, 2021 and as of December 31, 2020;
- other reserves of EUR 38,316 thousand of December 31, 2021 (EUR 36,008 thousand of December 31, 2020);
- retained earnings of the consolidated companies net of the effects of consolidation adjustments of EUR 306,869 thousand (EUR 237,092 as of December 31, 2020).

### Net profit attributable to equity holders of the parent

Net Profit attributable to equity holders of the parent amount to EUR 134,321 thousand as of December 31, 2021 (EUR 78,513 thousand as of December 31, 2020).

### Non-controlling interests

Non-controlling interests amount to EUR (415) thousand as of December 31, 2021 (EUR (355) thousand as of December 31, 2020). For further detail refer to Note 37.

## Capital Management

The Group's objectives when managing capital are to create value for shareholders as a whole, safeguard business continuity and support the sustainable growth of the Group. As a result, the Group endeavors to maintain a satisfactory economic return for its shareholders and guarantee economic access to external sources of funds.

## 28. Dividends

On January 20, 2021 Stevanato Group shareholder's meeting approved the distribution of EUR 11,200 thousand dividends (EUR 0.63 thousand per common share) from "other reserves".

Following approval of the annual accounts by the shareholders at the Annual General Meeting of the Shareholders on June 11, 2020 a dividend distribution of EUR 0.50 thousand per common share was approved, corresponding to a dividend paid in of EUR 8,900 thousand in 2020. The distribution was made partially from the "other reserve" and from "retained earnings".

## 29. Financial liabilities

Total financial liabilities are EUR 248,491 thousand and EUR 375,358 thousand as of December 31, 2021 and as of December 31, 2020 respectively; the balances in financial debt are as follows:

(EUR thousand)	At December 31, 2021	At December 31, 2020
Lease liabilities - Right of Use	5,553	5,435
Bank overdrafts	37	582
Bank loans	36,195	61,905
Financial liabilities due to related parties	940	968
Fair value of derivatives	1,681	4,417
Financial payables for shares acquisition	—	7,927
Financial liabilities due to other lenders	1,789	—
<b>Total current financial liabilities</b>	<b>46,195</b>	<b>81,234</b>
Lease liabilities - Right of Use	17,574	20,186
Bank loans	134,367	224,365

Notes	49,620	49,573
Financial liabilities due to other lenders	735	—
<b>Total non-current financial liabilities</b>	<b>202,296</b>	<b>294,124</b>
<b>Financial Liabilities</b>	<b>248,491</b>	<b>375,358</b>

Financial liabilities mainly include bank loans (current and non-current portion), lease liabilities (current and non-current portion) and notes. On April 16, 2020 Stevanato Group entered into a note purchase and private shelf agreement with PGIM, Inc. and certain of its affiliates, pursuant to which, for a period of three years following the date of the agreement, Stevanato may issue, and PGIM, Inc. or certain of its affiliates may purchase, up to USD 69,540 thousand of Stevanato notes. Additionally, on the same date, Stevanato Group issued EUR 50,000 thousand of Senior Notes, Series A, due April 16, 2028 to PGIM, Inc. Repayment of the Notes is required to be made in two tranches, EUR 25,000 thousand on April 16, 2027, and the remainder at the expiration of the notes. Pursuant to the agreement, Nuova Ompi s.r.l. provided to PGIM, Inc. and its affiliates a subsidiary guarantee, guaranteeing the repayment of the notes.

As of December 31, 2021 the current and non-current portion of bank loans amount respectively to EUR 36,195 thousand and EUR 134,367 thousand (respectively EUR 61,905 thousand and EUR 224,365 thousand as of December 31, 2020). The significant decrease in bank loans, besides the ongoing reimbursement plan, is due to the early repayment of the existing floating rate loans.

As of December 31, 2020, other current financial liabilities included both the liability of EUR 6,706 thousand recognized in relation to the put option granted to non-controlling shareholders of SVM Automatik A/S and the liability of EUR 1,221 thousand referred to the unpaid amount of the purchase of the residual shares of Medirio SA due in 2021. On October 07, 2021, the sub holding Stevanato Group International purchased the remaining 35% of the share capital in SVM Automatic A/S at a price of EUR 7,000 thousand. These liabilities were settled in 2021.

The following table shows maturities and average interest rates for liabilities to banks and other lenders:

As at December 31, 2021

	Currency	Amount	Maturity	Average Interest Rate	Amount in EUR
<b>Bank Loans</b>	EUR	36,357	2022	1.20%	36,357
	EUR	50,461	2023	1.24%	50,461
	EUR	51,664	2024	1.28%	51,664
	EUR	24,393	2025	1.33%	24,393
	EUR	7,488	2026	1.39%	7,488
	EUR	592	2027	1.40%	592

<b>Amortized Cost</b>	EUR	(393 )	2022-2027		(393 )
<b>Total Bank Loans</b>					<b>170,562</b>
<b>Notes</b>	EUR	25,000	2027	1.40%	25,000
	EUR	25,000	2028	1.40%	25,000
<b>Amortized Cost</b>		(380 )	2022-2028		(380 )
<b>Total Notes</b>					<b>49,620</b>
<b>Overdrafts</b>	DKK	275	2022	1.25%	37
<b>Total Bank Loans and Overdrafts</b>					<b>220,219</b>

As at December 31, 2020

	Currency	Amount	Maturity	Average Interest Rate	Amount in EUR
<b>Bank Loans</b>	EUR	62,169	2021	0.86%	62,169
	EUR	66,251	2022	0.91%	66,251
	EUR	65,467	2023	0.97%	65,467
	EUR	56,156	2024	1.08%	56,156
	EUR	28,843	2025	1.29%	28,843
	EUR	7,488	2026	1.36%	7,488
	EUR	591	2027	0.94%	591
<b>Amortized Cost</b>	EUR	(695 )	2021-2027		(695 )
<b>Total Bank Loans</b>					<b>286,270</b>
<b>Notes</b>	EUR	25,000	2027	1.40%	25,000
	EUR	25,000	2028	1.40%	25,000
<b>Amortized Cost</b>	EUR	(427 )	2021-2028		(427 )
<b>Total Notes</b>					<b>49,573</b>

<b>Overdrafts</b>	DKK	4,321	2021	1.25%	582
<b>Total Bank Loans and Overdrafts</b>					<b>336,425</b>

Financial liabilities are recognized according to the amortized cost method and require compliance with certain financial covenants on the Group consolidated figures, more specifically the following ratios are monitored: Net Financial Debt on EBITDA, Net Financial Debt on Equity, EBITDA on Financial Charges.

As at December 31, 2021 and as at December 31, 2020, all financial covenants are complied with.

Some short-term payables are subject to secured guarantee, please refer to [Note 39](#).

Other current financial assets and other financial liabilities relates to foreign exchange derivatives. The following table sets further the analysis of derivative assets and liabilities at December 31, 2021 and December 31, 2020.

(EUR thousand)	At December 31, 2021		At December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Foreign exchange forward contracts	49	49	19	19
<b>Financial liabilities</b>				
Foreign exchange forward contracts	—	—	16	16
Interest Rate Swap in cash flow hedges	1,681	1,681	4,386	4,386

Derivatives on currency risk have not been designated as hedging instruments and reflect the change in the fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales.

Derivatives designated as hedging instruments reflect the change in fair value of the interest rate swap contract, designated as cash flow hedges to hedge fluctuations in variable interest rate on loans. The amount recorded in the cash flow hedge reserve will be recognized in the consolidated income statement according to the timing of the cash flows of the underlying transaction.



### 30. Fair Value Measurement

*IFRS 13* establishes a hierarchy that categorizes into three levels the inputs to the valuation techniques used to measure fair value by giving the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs). In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy at the lowest level input that is significant to the entire measurement.

Levels used in the hierarchy are as follows:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instruments included in level 3. This is the case for unlisted equity securities.

#### Assets and liabilities that are measured at fair value on a recurring basis

The following table shows the fair value hierarchy for financial assets and liabilities that are measured at fair value on a recurring basis at December 31, 2021:

(EUR thousand)	Fair value measurement using				
	Notes	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	26	411,039	411,039	—	—
Equity Investments others	20	1,084	—	—	1,084
Derivatives financial assets	21	49	—	49	—
Financial current assets	21	27,168	—	27,168	—
Other non-current financial assets		671	—	671	—
<b>Total assets</b>		<b>440,011</b>	<b>411,039</b>	<b>27,888</b>	<b>1,084</b>
Derivatives financial liabilities	29	1,681	—	1,681	—
<b>Total Liabilities</b>		<b>1,681</b>	<b>—</b>	<b>1,681</b>	<b>—</b>

As at December 31, 2020:

(EUR thousand)

	Notes	Fair value measurement using			
		Total	Level 1	Level 2	Level 3
Cash and cash equivalents	26	115,599	115,599	—	—
Equity Investments others	20	760	—	—	760
Derivatives financial assets	21	19	—	19	—
Financial current assets	21	41,523	—	41,523	—
Other non-current financial assets		610	—	610	—
<b>Total assets</b>		<b>158,511</b>	<b>115,599</b>	<b>42,152</b>	<b>760</b>
Put & Call related to financial liabilities	29	6,706	—	—	6,706
Derivatives financial liabilities	29	4,417	—	4,417	—
Payables for subsidiary acquisition	29	1,221	—	—	1,221
<b>Total Liabilities</b>		<b>12,344</b>	<b>—</b>	<b>4,417</b>	<b>7,927</b>

The fair value of current financial assets and other financial liabilities is measured by taking into consideration market parameters at the balance sheet date, using valuation techniques widely accepted in the financial business environment.

The fair value of foreign currency derivatives (forward contracts, currency swaps and options) and interest rate swaps is determined by considering the prevailing foreign currency exchange rate and interest rates, as applicable, at the balance sheet date.

The value of cash and cash equivalents usually approximates fair value due to the short maturity of these instruments, which consist of bank current accounts. The fair value of other financial assets is measured through other unobservable input in accordance with *IFRS 13*, detailed in [Note 20](#).

The fair value of Liabilities measured at amortized cost include bank loans; in 2020 Stevanato Group has issued the following debt securities:

Purchaser	Date of Sale or Issuance	Number of Securities	of Consideration
PGIM, Inc	April 16, 2020	1	EUR 50,000,000

No borrowings of the Group are listed debt.

There are no transfers between Level 1, Level 2 and Level 3 during 2021 and 2020.

The fair value of the loans accounted for at amortized cost approximates their carrying amounts as of December 31, 2021 and 2020.

### 31. Employee benefits

Employee benefits are analyzed as follows:

(EUR thousand)	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
Employee severance pay	5,895	5,791
Jubilee benefits	253	239
Other post-employment plans	699	582
Long term incentive plan	3,653	1,780
Cash settled awards	—	21,333
Stock grant plan	1,353	—
<b>Total employee benefits</b>	<b>11,853</b>	<b>29,725</b>

#### Defined benefit obligations – Italian employee severance indemnity (TFR)

*Trattamento di fine rapporto* or “TFR” relates to the amounts that employees in Italy are entitled to receive when they leave the company and is calculated based on the period of employment and the taxable earnings of each employee. Under certain conditions the entitlement may be partially advanced to an employee during the employee’s working life.

The Italian legislation regarding this scheme was amended by Law 296 of 27 December 2006 and subsequent decrees and regulations issued in the first part of 2007. Under these amendments, companies with at least 50 employees are obliged to transfer the TFR to the “Treasury fund” managed by the Italian state-owned social security body (“INPS”) or to supplementary pension funds. Prior to the amendments, accruing TFR for employees of all Italian companies could be managed by the company itself. Consequently, the Italian companies’ obligation to INPS and the contributions to supplementary pension funds take the form, under IAS 19 revised, of “Defined contribution plans” whereas the amounts recorded in the provision for employee severance pay retain the nature of “Defined benefit plans”. Accordingly, the provision for employee severance indemnity in Italy consists of the residual obligation for TFR until December 31, 2006. This is an unfunded defined benefit plan as the benefits have already been almost entirely earned, with the sole exception of future revaluations. Since 2007 the scheme has been classified as a defined contribution plan, and the Group recognizes the associated cost, being the required contributions to the pension funds, over the period in which the employee renders service.

### Jubilee benefits

*Jubilee benefits* scheme are applicable to companies incorporated in Germany. Upon retirement, employees are eligible to receive a sum payment depending on the number of years of service within the group.

### Other post-employment plans

Other post-employment plan granted by the Group are “*Beneficios por Retiro, Prima de Antigüedad y Beneficios por Terminación*” for Mexican companies and severance payment provision for Slovak companies.

A major assumption taken into account in the valuation of pension and other post-employment benefit obligations is the discount rate. In accordance with *IAS 19 – Employee Benefits*, the rates were determined by currency areas and by reference to the return on high-quality private bonds with a maturity equal to the term of the plans or the return on government bonds when the private market has insufficient liquidity. The return on plan assets is determined based on the allocation of the assets and the discount rates used.

### Defined benefits obligation

The Group’s liabilities for employee benefits are as follows:

(EUR thousand)	Trattamento Fine Rapporto	Jubilee Benefits	Beneficio por Retiro / Terminacion	Severance Payment Slovakia	Total
<b>At January 1, 2020</b>	<b>5,801</b>	<b>220</b>	<b>468</b>	<b>25</b>	<b>6,514</b>
Interest cost	44	2	32	1	79
Current service cost	325	26	70	7	428
Benefits paid	(412)	(16)	—	(7)	(435)
Actuarial Gains and Losses	33	7	108	4	152
Exchange rate differences	—	—	(126)	—	(126)
<b>At December 31, 2020</b>	<b>5,791</b>	<b>239</b>	<b>552</b>	<b>30</b>	<b>6,612</b>
Recognized in the consolidated income statement	369	36	103	8	516
Recognized in the other comprehensive income	33	—	108	4	145
<b>At January 1, 2021</b>	<b>5,791</b>	<b>239</b>	<b>552</b>	<b>30</b>	<b>6,612</b>

Interest cost	18	2	29	1	50
Current service cost	402	27	95	7	531
Benefits paid	(476	) (13	) (32	) (13	) (534
Actuarial Gains and Losses	160	(2	) (23	) 15	150
Exchange rate differences	—	—	38	—	38
<b>At December 31, 2021</b>	<b>5,895</b>	<b>253</b>	<b>659</b>	<b>40</b>	<b>6,847</b>

Recognized in the consolidated income statement	419	28	123	8	579
Recognized in the other comprehensive income	160	—	(23	) 15	151

The principal assumptions used for determining the obligations under the plan described are as follows:

As at December 31, 2021

	<b>Severance indemnity</b>					
	<b>Italy</b>		<b>Germany</b>		<b>Mexico</b>	<b>Slovakia</b>
Discount Rate %	0.98	%	1.17	%	9.75	% 0.98
Future salary increase %	0.50	%	—		4.50	% 6.00
Inflation rate %	1.75	%	—		3.50	% —

As at December 31, 2020

	<b>Severance indemnity</b>			
	<b>Italy</b>	<b>Germany</b>	<b>Mexico</b>	<b>Slovakia</b>
Discount Rate %	0.34%	1.00%	8.25%	4.50%
Future salary increases %	0.50%	—	4.50%	6.00%
Inflation rate %	0.80%	—	3.50%	—

The discount rates used for the measurement of the pension plan obligation (including Italian TFR obligation) are based on yields of high-quality (AAA rated for Mexico and AA rated for other countries) fixed income securities for which the timing and amounts of payments match the timing and amounts of the projected benefit payments. The main variation is due to Italian TFR, whose average duration is approximately 15.0 years. Retirement or employee leaving rates are developed to reflect actual and projected Group experience and legal requirements for retirement.

A quantitative sensitivity analysis for significant assumptions impacting defined benefits obligation as at December 31, 2021 and December 31, 2020 is reported as follows:

	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
(EUR thousand)		
Turnover rate +1,00%	(58	) (57
Turnover rate -1,00%	67	65
Inflation rate +0,25%	101	100
Inflation rate -0,25%	(98	) (97
Annual discount rate +0,25%	(138	) (137
Annual discount rate -0,25%	144	143

The above sensitivity analysis on TFR is based on reasonable changes in key assumptions occurring at the end of the reporting period, keeping all other assumptions constant.

Such analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

### Long-term Incentive plan

In order to align the interests of management with those of the Shareholders over the medium/long-term by establishing a strong link between remuneration and performance the CEO approved a medium/long-term plan called the "Long-term Incentive plan" for the 2020-2023 four-year period and involving a select number of Senior Management (Top Management and/or Key People) of the Companies of the Group and based on the meeting of the long-term industrial plan objectives.

The Group's liability for the Long-term Incentive plan is as follows:

	<b>Long Incentive 2020-2023</b>	<b>Term Plan Total</b>
(EUR thousand)		
<b>At January 1, 2020</b>	—	—
Current service cost	1,780	1,780
<b>At December 31, 2020</b>	<b>1,780</b>	<b>1,780</b>
Interest cost	(7	) (7
Current service cost	1,874	1,874

Actuarial Gains and Losses *	6	6
<b>At December 31, 2021</b>	<b>3,653</b>	<b>3,653</b>

\*According to IAS 19, Actuarial Gains and Losses are recognized in profit or loss

The discount rates used for the measurement of the “Long-term Incentive plan” are based on yields of high-quality (AA rated). For these plans, the single weighted average discount rate that reflects the estimated timing and amount of the scheme future benefit payments is equal to -0.17% for 2021 and to -0.27% for 2020 respectively. The main impact considered as actuarial gain and losses relates to the experience adjustment; it has been accounted together with the current service cost by function as part of personnel costs.

### Cash settled awards

Cash settled awards are incentive plans aimed at a limited number of executives and key resources of the Group. The 2012-2021 incentive plan and the 2018-2022 incentive plans were approved by the Board of Directors on February 9, 2021 and on September 12, 2018 respectively.

The plans provided for the free assignment to the Group’s employees of non-transferable options to subscribe shares at a pre-determined exercise price. The right to the assignment of options, to be exercised only during the exercise period, was acquired during the vesting period only if the turnover targets indicated in the business plan, based on EBITDA (earnings before interest, tax, depreciation and amortization) and net financial position, were achieved.

In order to concentrate in a single new plan the incentive mechanism that could more concretely and effectively contribute to the achievement of the redefined Company’s growth objectives, Stevanato Group proceeded with the early conclusion of the 2012-2021 incentive plan and with the revocation of 2018-2022 incentive plan.

On March 4, 2021 and June 3, 2021, the Company exercised a call option to buy back n. 995,000 shares from the beneficiaries of the 2012-2021 incentive plan and irrevocably and unconditionally waived its rights to exercise the call option on n. 215,000 shares (number of shares as before the second share split). The parties also mutually agreed to close the 2018-2022 incentive plan; the net impact of such transactions led to a reduction in cash settled award liabilities.

The following table summarize the components of the cash settled awards obligation expense recognized in the statement of profit or loss and amounts recognized in the statement of financial position:

(EUR thousand)	<b>Incentive plan 2012- 2021</b>	<b>Incentive plan 2018- 2022</b>	<b>Total</b>
<b>At January 1, 2020</b>	<b>13,456</b>	<b>5,437</b>	<b>18,893</b>

Interest cost	(15	)	(6	)	(21	)
Current service cost	—		2,715		2,715	
Actuarial Gains and Losses *	(103	)	(151	)	(254	)
<b>At December 31, 2020</b>	<b>13,338</b>		<b>7,995</b>		<b>21,333</b>	
Interest cost	(9	)	(5	)	(14	)
Benefits paid	(7,919	)	—		(7,919	)
Actuarial Gains and Losses *	(3,299	)	(7,533	)	(10,832	)
Transferred to SGP 2021-2027	(400	)	—		(400	)
Stocks granted	(1,711	)	(457	)	(2,168	)
<b>At December 31, 2021</b>	<b>—</b>		<b>—</b>		<b>—</b>	

\*According to IAS 19, Actuarial Gains and Losses are recognized in profit or loss

#### **Restricted Stock Grant Plan 2021-2027**

The Shareholders' Meeting of Stevanato Group S.p.A. on March 4, 2021 resolved to approve a share-based incentive plan, named "Restricted Stock Grant Plan 2021-2027" with the aim to involve people playing a strategic role in the economic and strategic development of Group, aligning their interests to those of the shareholders and other stakeholders of the Company, during the period between January 1, 2021 and December 31, 2026.

The Stock Grant Plan provides for three two-years periods included, respectively, between January 1, 2021 and December 31, 2022 (First Vesting Period), January 1, 2023 and December 31, 2024 (Second Vesting Period), January 1, 2025 and December 2026 (Third Vesting Period), at the beginning of which a certain number of Stevanato Group ordinary shares – linked with the achievement within the end of each Vesting Period of specific targets in terms of consolidated revenues and EBITDA – will be assigned free of charge to the beneficiaries. The assigned shares shall be registered to a Trustee company and shall be subject to the prohibition to sell and to the selling commitment in accordance to a one-year lock-up period.

The transfer of ownership of the shares will be finalized after signing with each beneficiary of an agreement which binds the beneficiaries to re-sell to Stevanato Group, fully or partially, the Shares assigned to them in case the targets provided for the vesting period in relation to which the shares were assigned should not be totally or partially achieved. A similar obligation is provided if, within the end of each vesting period, the employment relationship terminates.

In the event that certain over-performances with respect to the financial targets have been met, beneficiaries will be granted, free of charge, an additional number of Stevanato Group shares related to the Vesting Period in which the target were exceeded and such shares additional assigned will be subject to the time-limited prohibition to sell.



On June 3, 2021 a total of n. 236,988 ordinary shares, which were previously held in treasury, were assigned to the participants of the plan.

The fair value measurement of the stock grant plan consists of the following components:

-a first IAS 19 component linked to the cash settlement of the amount equal to the consideration already determined at which Stevanato Group S.p.A. will repurchase the shares in the cases provided for by the regulation. This component is immediately vested at the time of the assignment of the shares. It generates expenses counterbalanced in the employee benefits liability;

-a second IFRS 2 component related to the benefit associated with the value of the stock. It is valued as stock option with a strike price equal to the value corresponding to the consideration the employees give up in cash when the stock option is exercised. It generated expenses counterbalanced in a dedicated equity reserve among "other reserves".

The following table summarize the IAS 19 components of the obligation expense recognized in the statement of profit or loss and amounts recognized in the statement of financial position:

(EUR thousand)

	<b>Stock grant plan</b>	
	<b>2021-2027</b>	<b>Total</b>
<b>At January 1, 2021</b>	—	—
Transfer from SOP 2012-2021	400	400
Interest cost	6	6
Current service cost	947	947
<b>At December 31, 2021</b>	<b>1,353</b>	<b>1,353</b>

## 32. Provisions

The balances as of December 31, 2021 are detailed below:

(EUR thousand)	<b>Provision for Warranty</b>	<b>Provision for Decommissioning</b>	<b>Provision for legal and sundry risks</b>	<b>Provision for agents and directors severance indemnity</b>	<b>Total</b>
<b>At January 1, 2021</b>	<b>1,061</b>	<b>523</b>	<b>1,664</b>	<b>1,136</b>	<b>4,384</b>
Arising during the year	65	23	4,235	139	4,462
Utilized	—	—	(745 )	—	(745 )
Unused amounts reversed	(65 )	—	(4,631 )	—	(4,696 )
Exchange rate difference	—	45	49	—	94

<b>At December 31, 2021</b>	<b>1,061</b>	<b>591</b>	<b>572</b>	<b>1,275</b>	<b>3,499</b>
Current	—	—	—	—	—
Non-current	1,061	591	572	1,275	3,499
(EUR thousand)	<b>Provision for Warranty</b>	<b>Provision for Decommissioning</b>	<b>Provision for legal and sundry risks</b>	<b>Provision for agents and directors severance indemnity</b>	<b>Total</b>
<b>At January 1, 2020</b>	<b>1,141</b>	<b>548</b>	<b>1,259</b>	<b>998</b>	<b>3,946</b>
Arising during the year	52	23	772	138	985
Utilized	—	—	(46 )	—	(46 )
Unused amounts reversed	(134 )	—	(258 )	—	(392 )
Exchange rate difference	2	(48 )	(63 )	—	(109 )
<b>At December 31, 2020</b>	<b>1,061</b>	<b>523</b>	<b>1,664</b>	<b>1,136</b>	<b>4,384</b>
Current	—	—	—	—	—
Non-current	1,061	523	1,664	1,136	4,384

The warranty provision represents the best estimate of commitments given by the Group for contractual, legal, or constructive obligations arising from product warranties given for a specified period of time. Such provisions are recognized on shipment of the goods to the customers. The warranty provision is estimated on the basis of the Group's past experience and contractual terms. Related costs are recognized within cost of sales.

The provision for legal proceeding and sundry risks represents management's best estimate of the expenditures expected to be required to settle on otherwise resolve legal proceeding and disputes. As of March 31, 2021 a potential claim with a customer was identified which led to an accrual of about EUR 4 million. As of December 31, 2021 the situation has evolved positively thus leading to the release of the provisioned amount.

### 33. Other non-current liabilities

Other non-current liabilities as of December 31, 2021 and December 31, 2020 amount to EUR 1,808 thousand respectively EUR 1,808 thousand and are mainly related to holiday pay of Danish companies' employees following the transition to the new Danish Holiday Act started in 2019.

### 34. Trade payables and other current liabilities

Trade payables and other current liabilities are detailed as follows:

(EUR thousand)	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
Trade payables	164,787	118,740
Payables to social security institutions	6,362	5,651
Payables to personnel	32,772	25,868
VAT Payables	5,195	583
Other tax payables	3,181	—
Accrued Income and Prepayments	8,222	3,509
Other current liabilities	10,081	8,655
<b>Total trade payables and other current liabilities</b>	<b>230,600</b>	<b>163,006</b>

The book value of trade payables is approximately equal to their fair value. Terms and condition of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60 to 90-day term;
- Other payables are non-interest bearing and have an average term of six months.

Other current liabilities include customer returns that reflect the improved estimate on expected liabilities against future expected returns regarding revenues recognized in the current or in previous years, estimated on the basis of past experience.

In 2018 the Group launched the “Confirming program”, a web-based and pay-per-use Supply Chain Finance solution, that allows Group suppliers to anticipate their receivables. The main benefits for the Group are an improvement of supply chain financial stability and a simplification in payment management cycle. As of December 31, 2021 the total amount of accounting payables related to the Confirming program equals to EUR 3,900 thousand.

### 35. Contract liabilities and advances from customers

Contract liabilities and advances from customers are as follows:

(EUR thousand)	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
----------------	---------------------------------	---------------------------------

Contract Liabilities	18,771	5,031
Advances from customers	23,616	48,361
<b>Total contract liabilities and advances from customers</b>	<b>42,387</b>	<b>53,392</b>
Current	42,387	53,392
Non-current	—	—

Contract liabilities relate to ongoing customer-specific construction contracts of the Engineering System Division and of the In-vitro diagnostic business. The Group has contract net liabilities of EUR 18,771 thousand and EUR 5,031 thousand as at December 31, 2021 and December 31, 2020 respectively. Contract assets gross amounts to EUR 27,504 thousand (EUR 10,828 thousand in 2020), net of invoices issues of EUR 46,275 thousand (EUR 15,859 thousand in 2020).

Advances from customers relate to sales whose revenues are recognized at point in time.

### 36. Leases

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations. Leases of plant and machinery generally have lease terms between 3 and 15 years, while vehicles and other equipment generally have lease terms between 3 and 5 years. There are several lease contracts that include extension and termination options.

The Group also has certain leases of machinery, industrial equipment and vehicles with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Movements in the leased Right of Use assets in 2021 are shown below:

(EUR thousand)	<b>Buildings</b>	<b>Plant and machinery</b>	<b>Industrial equipment</b>	<b>Other tangible assets</b>	<b>Total</b>
<b>Cost</b>					
<b>At January 1, 2020</b>	<b>16,239</b>	<b>6,930</b>	<b>330</b>	<b>7,694</b>	<b>31,193</b>
Additions	2,602	1,761	—	1,347	5,710
Exchange rate differences	(872 )	—	—	(39 )	(911 )
<b>At December 31, 2020</b>	<b>17,969</b>	<b>8,691</b>	<b>330</b>	<b>9,002</b>	<b>35,992</b>
Additions	1,549	278	16	1,268	3,111
Disposals	(1,437 )	(199 )	—	(19 )	(1,655 )

Exchange rate differences	885	25	—	50	960
<b>At December 31, 2021</b>	<b>18,966</b>	<b>8,795</b>	<b>346</b>	<b>10,301</b>	<b>38,408</b>

#### Depreciation

<b>At January 1, 2020</b>	<b>2,234</b>	<b>852</b>	<b>65</b>	<b>1,703</b>	<b>4,854</b>
Depreciation charge for the year	2,523	1,515	66	1,852	5,956
Exchange rate differences	(196 )	15	—	(17 )	(198 )
<b>At December 31, 2020</b>	<b>4,561</b>	<b>2,382</b>	<b>131</b>	<b>3,538</b>	<b>10,612</b>
Depreciation charge for the year	2,579	1,546	71	2,006	6,202
Disposals	(1,308 )	(26 )	—	(3 )	(1,337 )
Exchange rate differences	207	3	—	31	241
<b>At December 31, 2021</b>	<b>6,039</b>	<b>3,905</b>	<b>202</b>	<b>5,572</b>	<b>15,718</b>

#### Net book value

At December 31, 2021	12,927	4,890	143	4,729	22,690
At December 31, 2020	13,408	6,309	199	5,464	25,380

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

(EUR thousand)	<b>2021</b>	<b>2020</b>
<b>At January 1</b>	<b>25,621</b>	<b>26,140</b>
Additions	2,837	5,599
Accretion of interest	585	624
Payments	(6,498 )	(5,906 )
Early terminated contracts	(150 )	—
Exchange rate difference	732	(836 )
<b>At December 31</b>	<b>23,127</b>	<b>25,621</b>
Current	5,553	5,435
Non-current	17,574	20,186

The following are the amounts recognized in profit or loss:

	<b>For the years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
(EUR thousand)		
Depreciation expense of Right of Use assets	6,202	5,956
Interest expense on lease liabilities	585	624
Expense relating to short-term leases	1,252	1,901
Expense relating to leases of low-value assets	5,180	3,744
<b>Total amount recognized in profit or loss</b>	<b>13,219</b>	<b>12,225</b>

### 37. Subsidiaries with material non-controlling interest

The Stevanato Group comprises the following subsidiaries with material non-controlling interest:

<b>Name</b>	<b>Country</b>	<b>At December 31, 2021</b>		<b>At December 31, 2020</b>	
Ompi of Japan Co., Ltd.	Japan	49	%	49	%
Medical Glass a.s.	Slovakia	0.26	%	0.26	%

	<b>At December 31, 2021</b>		<b>At December 31, 2020</b>
(EUR thousand)			
<b>Proportion of equity interest held by non-controlling interests:</b>			
Ompi of Japan Co., Ltd.	419		487
Medical Glass a.s.	(56 )		(48 )
	<b>363</b>		<b>439</b>

#### **Profit allocated to material non-controlling interest:**

Ompi of Japan Co., Ltd.	60	(76 )
Medical Glass a.s.	(8 )	(8 )
	<b>52</b>	<b>(84 )</b>

Changes in non-controlling interests are shown in the consolidated statement of changes in equity.

The tables below show the summarized income statement for the year ended December 31, 2021:

(EUR thousand)	<b>Ompi of Japan Co., Ltd.</b>	<b>Medical a.s.</b>	<b>Glass</b>
Net Sales	4,325	41,643	
Cost of Sales	3,542	34,425	
<b>Gross Profit</b>	<b>783</b>	<b>7,218</b>	
Other operating income	—	195	
Selling and marketing expenses	299	177	
Research and development expenses	150	—	
General and administrative expenses	452	3,302	
<b>Operating profit</b>	<b>(118 )</b>	<b>3,934</b>	
Interest income	37	111	
Interest expense	90	42	
<b>Profit before tax</b>	<b>(171 )</b>	<b>4,003</b>	
Income taxes	(48 )	826	
<b>Net Profit</b>	<b>(123 )</b>	<b>3,177</b>	
<b>Total comprehensive income</b>	<b>(123 )</b>	<b>3,165</b>	
Attributable to non-controlling interests	(60 )	8	
Dividends paid to non-controlling interests	—	—	

The tables below show the summarized income statement for the year ended December 31, 2020:

(EUR thousand)	<b>Ompi of Japan Co., Ltd.</b>	<b>Medical a.s.</b>	<b>Glass</b>
Net Sales	6,811	36,852	

Cost of Sales	5,509	30,039
<b>Gross Profit</b>	<b>1,302</b>	<b>6,813</b>
Other operating income	—	43
Selling and marketing expenses	349	165
Research and development expenses	157	—
General and administrative expenses	518	2,715
<b>Operating profit</b>	<b>278</b>	<b>3,976</b>
Interest income	17	2
Interest expense	74	30
<b>Profit before tax</b>	<b>221</b>	<b>3,948</b>
Income taxes	66	834
<b>Net Profit</b>	<b>155</b>	<b>3,114</b>
<b>Total comprehensive income</b>	<b>155</b>	<b>3,111</b>
Attributable to non-controlling interests	76	8
Dividends paid to non-controlling interests	—	—

The tables below show the summarized financial position as at December 31, 2021:

(EUR thousand)	<b>Ompi of Japan Co., Ltd.</b>	<b>Medical a.s.</b>	<b>Glass</b>
Property, plant and equipment and other non-current assets	534	13,658	
Net working capital	(280)	) 5,582	
Total non-current liabilities and provision	—	(653)	)
<b>Net capital employed</b>	<b>254</b>	<b>18,587</b>	
Net financial position*	(1,233)	) 6,204	
<b>Total equity</b>	<b>(979)</b>	<b>) 24,791</b>	



**Attributable to:**

Equity holders of parent	(500	)	24,727
Non-controlling interest	(479	)	64

\*Net financial position is determined as the algebraic sum of cash and cash equivalent, other current financial assets, non-current financial liabilities and current financial liabilities

The tables below show the summarized financial position as at December 31, 2020:

(EUR thousand)	<b>Ompi of Japan Co., Ltd.</b>	<b>Medical a.s.</b>	<b>Glass</b>
Property, plant and equipment and other non-current assets	530	12,477	
Net working capital	(628	)	7,101
Total non-current liabilities and provision	—	(596	)
<b>Net capital employed</b>	<b>(98</b>	<b>)</b>	<b>18,982</b>
Net financial position*	(742	)	2,711
<b>Total equity</b>	<b>(840</b>	<b>)</b>	<b>21,693</b>

**Attributable to:**

Equity holders of parent	(429	)	21,637
Non-controlling interest	(411	)	56

\*Net financial position is determined as the algebraic sum of cash and cash equivalent, other current financial assets, non-current financial liabilities and current financial liabilities

### 38. Related party disclosures

According to IAS 24, the related parties of the Group are entities and individuals capable of exercising control, joint control or significant influence over the Group and its subsidiaries, companies belonging to the Stevanato Group S.p.A. the controlling company Stevanato Holding S.r.l., unconsolidated subsidiaries of the Group and associates. In addition, members of Stevanato Group's Board of Directors and executives with strategic responsibilities and their families are also considered related parties. The Group carries out transactions with related parties on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved.

Note 4 provide information about the Group's structure, including details of the subsidiaries and the holding company.

Transaction with related parties refer to:

- revenues from the sale of drug containment systems from the associate Swissfillon AG up to the date of the derecognition (October 22, 2021);
- service fees and rentals paid to Winckler & Co Ltd, the company whose owner holds minority interests in the subsidiary Ompi of Japan;
- rentals paid to SFEM Italia S.r.l., controlled by Stevanato family;
- the purchase of products and rentals paid to Società Agricola Stella S.r.l., fully controlled by SFEM Italia S.r.l. until November 12, 2021 and then 51% controlled by Stevanato Holding S.r.l. and 49% controlled by SFEM Italia S.r.l.;
- consulting services rented by Federici William and by MJB Consultants LLC, Progenitor Capital Partners LLC and Studio Legale Spinazzi Azzarita Troi, whose beneficial owners are Board members in Stevanato Group;
- industrial rentals paid to E & FKH Ejendomme ApS, whose beneficial owners are family members of a Board member in the subsidiary SVM Automatik A/S;
- rentals paid to members of Stevanato family;
- in 2018 and 2019 SE Holdings Co. Ltd, the minority shareholder of the subsidiary Ompi of Japan, disbursed loans amounting respectively to JPY 73.5 million and JPY 49.0 million;
- donations to the Stevanato Foundation, owned by Stevanato family. The foundation exclusively pursues the aims of social solidarity, philanthropy and charity, operating in the fields of social and socio-medical assistance, education and training as well as cultural and educational activities and scientific research. The Foundation intervenes in support of children and young people in situations of serious difficulty due to their illnesses, the distress of their families or other situations that may affect their health or growth;
- in 2021 the Company guaranteed a loan to certain of the beneficiaries of the stock grant plan 2021-2027 to enable the payment of the tax liabilities associated with the granted stocks;
- recharge of the costs pertaining to the public offer for shares sale to Stevanato Holding S.r.l.;
- consulting services rented by C.T.S. Studio AS, whose beneficial owner is a Board member in the sub-holding Stevanato Group International AS;
- revenues from the sale of drug containment systems to Incog BioPharma Services, Inc, a U.S. based biopharma services company, majority owned by SFEM Italia S.r.l..

The amounts of transactions with related parties recognized in the consolidated income statement and the related assets and liabilities are as follows:

For the year ended and as at December 31, 2021

(EUR thousand)	<u>Revenues</u>	<u>Costs*</u>
<b>Parent company</b>		
Stevanato Holding S.r.l.	4,475	—
<b>Associate companies</b>		
Swissfillon AG	565	—
<b>Other related parties</b>		
Winckler & Co. Ltd.	—	352
Società Agricola Stella S.r.l.	—	99
SFEM Italia S.r.l.	—	19
MJB Consultants LLC	—	57
Progenitor Capital Partners LLC	—	67
E & FKH Ejendomme ApS	—	410
Piovesan Barbara	—	30
Studio Legale Spinazzi Azzarita Troi	—	578
Federici William	—	69
Fondazione Stevanato	—	180
C.T.S. Studio AS	—	20
Incog BioPharma Services Inc	671	—

\* Costs include cost of sale, selling, general administrative costs and other expenses net

(EUR thousand)	<u>Trade receivables</u>	<u>Trade payables</u>	<u>Other Assets</u>	<u>Other Liabilities</u>
<b>Other related parties</b>				
Winckler & Co. Ltd.	—	29	—	—
Società Agricola Stella S.r.l.	—	54	—	—

SFEM Italia S.r.l.	—	2	—	—
Studio Legale Spinazzi Azzarita Troi	—	151	—	—
C.T.S. Studio AS	—	2	—	—
Incog BioPharma Services Inc	393	—	—	—

### Loan from/to related parties

For the year ended and as at December 31, 2021

(EUR thousand)	<b>Interest received</b>	<b>Interest paid</b>	<b>Financial assets liabilities</b>	<b>or</b>
<b>Associate companies</b>				
Swissfillon AG	10	—	—	
<b>Other related parties</b>				
SE Holdings Co.Ltd.	—	5	(940	)
<b>Key management personnel of the Group</b>				
Directors and Key Managers	22	—	447	

For the year ended and as at December 31, 2020

(EUR thousand)	<b>Revenues</b>	<b>Costs*</b>
<b>Associate companies</b>		
Swissfillon AG	790	—
<b>Other related parties</b>		
Winckler & Co. Ltd.	—	350
Società Agricola Stella S.r.l.	—	72
SFEM Italia S.r.l.	—	19
MJB Consultants LLC	—	142

Progenitor Capital Partners LLC	—	84
E & FKH Ejendomme ApS	—	399
Piovesan Barbara	—	30
Studio Legale Spinazzi Azzarita Troi	—	536
Fondazione Stevanato	—	155

\* Costs include cost of sale, selling, general administrative costs and other expenses net

(EUR thousand)	<u>Trade receivables</u>	<u>Trade payables</u>	<u>Other Assets</u>	<u>Other Liabilities</u>
<b>Associate companies</b>				
Swissfillon AG	88	—	—	—
<b>Other related parties</b>				
Winckler & Co. Ltd.	—	28	—	—
Società Agricola Stella S.r.l.	—	25	24	—
SFEM Italia S.r.l.	—	2	—	—

### Loan from/to related parties

For the year ended and as at December 31, 2020

(EUR thousand)	<u>Interest received</u>	<u>Interest paid</u>	<u>Financial assets or liabilities</u>
<b>Associate companies</b>			
Swissfillon AG	20	—	1,342
<b>Other related parties</b>			
SE Holdings Co.Ltd.	—	6	(968 )
<b>Key management personnel of the Group</b>			
Directors and Key Managers	53	—	4,614

### Emoluments to Directors and Key Management

The fees of the Directors of Stevanato Group S.p.A. are as follows:

For the year ended December 31, 2021

(EUR thousand)	Fixed remuneration		Pension	Long Term	Share based	Total
	Annual fee	Fringe benefits	expense <sup>(1)</sup>	Benefits <sup>(2)</sup>	compensation <sup>(3)</sup>	
<b>Total Directors</b>	2,196	14	50	(2,966 )	350	(356 )

<sup>(1)</sup> Pensions expense related to Trattamento Fine Mandato accrued on the year

<sup>(2)</sup> Long term benefits related to cash settled awards early terminated in 2021

<sup>(3)</sup> Shares assigned to board members

For the year ended December 31, 2020

(EUR thousand)	Fixed remuneration		Pension	Long Term	Total
	Annual fee	Fringe benefits	expense <sup>(1)</sup>	Benefits <sup>(2)</sup>	
<b>Total Directors</b>	1,688	28	50	412	2,178

<sup>(1)</sup> Pensions expense related to Trattamento Fine Mandato accrued on the year

<sup>(2)</sup> Long term benefits related to cash settled awards

The aggregate compensation for members of the Senior Management Team (excluding the Chairman and including the CEO) in 2021 and in 2020 is as follows:

For the year ended December 31, 2021

(EUR thousand)	Fixed remuneration	Variable	Pension	Long Term	Share based	Total
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	Annual fee	Fringe benefits <sup>(1)</sup>	remuneration <sup>(2)</sup>	expense <sup>(3)</sup>	Benefits <sup>(4)</sup>	compensation <sup>(5)</sup>	remuneration
<b>Total Management</b>	1,210	21	1,014	85	(6,007 )	1,536	(2,141 )

<sup>(1)</sup> Fringe benefits related to car and insurance benefits

<sup>(2)</sup> Variable remuneration related to MBO and LTI

<sup>(3)</sup> Pensions expense related to Trattamento Fine Rapporto accrued on the year

<sup>(4)</sup> Long term benefits related to cash settled awards early terminated in 2021

<sup>(5)</sup> Share-based compensation awarded under stock grant plan

For the year ended December 31, 2020

(EUR thousand)	Fixed remuneration Annual fee	Fringe benefits <sup>(1)</sup>	Variable remuneration <sup>(2)</sup>	Pension expense <sup>(3)</sup>	Long Term Benefits <sup>(4)</sup>	Total remuneration
<b>Total Management</b>	1,150	23	698	81	1,254	3,206

<sup>(1)</sup> Fringe benefits related to car and insurance benefits

<sup>(2)</sup> Variable remuneration related to MBO

<sup>(3)</sup> Pensions expense related to Trattamento Fine Rapporto accrued on the year

<sup>(4)</sup> Long term benefits related to cash settled awards

### 39. Fees paid to independent registered public accounting firm

The following table represents aggregate fees billed to us for professional services rendered by our independent registered public accounting firm (EY S.p.A.) for the fiscal year ended December 31, 2021 and 2020 respectively.

(EUR thousand)	<b>For the Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Audit Fees	1,694	350
All Other Fees	—	13

<b>Total</b>	<b>1,694</b>	<b>363</b>
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Audit fees consist of the aggregate fee earned by Ernst & Young Entities for the audit of our consolidated annual financial statements, reviews of interim financial statements and attestation services that are provided in connection with statutory and regulatory filings or engagements. Fees for the year ended December 31, 2021 also include the fees related to audit activities conducted in connection to the IPO and under PCAOB standards.

Other fees consist of some minor consultancy services provided by Ernst & Young Entities.

#### 40. Commitments and contingencies

Commitments, guarantees and contingent liabilities can be described as follows:

(EUR thousand)	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
Guarantees	99,535	86,633
<i>of which secured</i>	4,707	4,704
<b>Total Guarantees</b>	<b>99,535</b>	<b>86,633</b>

As at December 31, 2021 the main commitments and risks assumed by the Stevanato Group are as follows:

- suretyship issued in favor of Nordea Bank for EUR 17,482 thousand (EUR 17,471 thousand in 2020) on behalf of SVM Automatik A/S;
- suretyship issued in favor of Nordea Bank for EUR 9,413 thousand (EUR 9,407 thousand in 2020) on behalf of Innoscan A/S;
- letter of Comfort in favor of Unicredit AG for EUR 15,000 thousand (EUR 15,000 thousand in 2020) on behalf of the company Balda Medical GmbH.

Secured guarantees for EUR 4,707 thousand (EUR 4,704 thousand in 2020) concern the floating charge on the Danish companies against short-term credit lines.

The guarantees provided by credit institutions and insurance companies on behalf of Group companies in favor of third parties amount to EUR 39,907 thousand (EUR 28,710 thousand in 2020) and mainly comprise advance payment and performance bond issued in favor of clients in the Engineering division and of Balda Medical GmbH.

#### 41. Qualitative and quantitative information of financial risks



The Group is exposed to the following financial risks connected with its operations:

- financial market risk, mainly relating to foreign currency exchange rates and to interest rates;
- liquidity risk, with particular reference to the availability of funds and access to the credit market, should the Group require it, and to financial instruments in general;
- credit risk, arising both from its normal commercial relations with customers, and its financing activities.

These risks could significantly affect the Group's financial position, results of operations and cash flows, and for this reason the Group identifies and monitors these risks, in order to detect potential negative effects in advance and take the necessary action to mitigate them, primarily through its operating and financing activities and if required, through the use of derivative financial instruments.

The following section provides qualitative and quantitative disclosures on the effect that these risks may have upon the Group. The quantitative data reported in the following section does not have any predictive value.

#### **Financial market risks**

Due to the nature of the Group's business, the Group is exposed to a variety of market risks, including foreign currency exchange rate risk and to a lesser extent, interest rate risk.

The Group's exposure to foreign currency exchange rate risk arises from our global footprint (both in terms of productions and commercialization), as in some cases we sell our products in the currencies of the destination markets, which may differ from the currency of the countries the Group operates in.

The Group's exposure to interest rate risk arises from the need to fund certain activities and the possibility to deploy surplus funds. Changes in market interest rates may have the effect of either increasing or decreasing the Group's net profit/ (loss), thereby indirectly affecting the costs and returns of financing and investing transactions.

These risks could significantly affect the Group's financial position, results of operations and cash flows, and for this reason they are identified and monitored, in order to detect potential negative effects in advance and take the necessary actions to mitigate them.

The Group has in place various risk management policies, which primarily relate to foreign exchange, interest rate and liquidity risks.

In particular, to manage foreign exchange rate risk, the Group has adopted a hedging policy, approved by the Board of Directors of Stevanato Group S.p.A.. Hedging activities are mainly executed at central level, based on the information provided by the reporting system and utilizing instruments and policies conforming to IFRS. Hedging is undertaken to ensure protection in case an entity has transactions in currencies other than the one in which it primarily does business,

taking account also of budgeted future revenues/costs. Despite hedging operations, sudden movements in exchange rates or erroneous estimates may result in a negative impact, although limited, on Group results.

### Information on foreign currency exchange rate risk

The Group is exposed to risk resulting from fluctuations in foreign currency exchange rates, which can affect its earnings and equity. In particular:

- Where a Group company incurs costs in a currency different from that of its revenues, any change in foreign currency exchange rates can affect the operating results of that company.
- The main foreign currency to which the Group is exposed is U.S. Dollar for sales in the United States and other markets where the U.S. Dollar is the reference currency, against Euro, Mexican Pesos and Renminbi. Other significant exposures included the exchange rate between the Euro and the following currencies: Japanese Yen, Danish Krone, British Pound and Swiss Franc. It is the Group's policy to use derivative financial instruments (primarily forward currency contracts, currency swaps, currency options and collar options) to hedge against exposures.
- Several subsidiaries are located in countries that are outside the Eurozone, in particular the United States, China, Japan, Mexico, Denmark, Brazil, Switzerland. As the Group's reporting currency is the Euro, the income statements of those companies are translated into Euro using the average exchange rate for the period and, even if revenues and margins are unchanged in local currency, changes in exchange rates can impact the amount of revenues, costs and profit as restated in Euro. Similarly, intercompany financing may lead to foreign exchange rate impact due to different functional currencies.
- The amount of assets and liabilities of consolidated companies that report in a currency other than the Euro may vary from period to period as a result of changes in exchange rates. The effects of these changes are recognized directly in equity as a component of other comprehensive income/ (loss) under gains/(losses) from currency translation differences.

The Group monitors its main exposures with regard to translation exchange risk, whereby fluctuations in the exchange rates of a number of currencies against the consolidation currency may impact the consolidated financial statement values, although there was no specific hedging in this respect at the reporting date.

Exchange differences arising on the settlement of monetary items are recognized in the consolidated income statement within the net financial income/ (expenses) line item.

The impact of foreign currency exchange rate differences recorded within financial income/(expenses) for the year ended December 31, 2021, except for those arising on financial instruments measured at fair value, amounted to net losses of EUR 2,584 thousand (EUR 448 thousand in 2020).

There have been no substantial changes in 2021 in the nature or structure of exposure to foreign currency exchange rate risk or in the Group's hedging policies.

The Group actively hedges against economic-transactional risk; more specifically, forward and swap contracts, plain vanilla and collar options are used to manage the exposures. Such instruments are not currently designated as cash flow hedges and contracts are entered for a period consistent with the underlying transactions, generally from three to twelve months.

The Group is holding the following contracts:

As at December 31, 2021

(EUR thousand)		0 to 6 months	6 to 9 months	9 to 12 months	Total	Carrying amount	Line item in the statement of financial position
Notional amount	Forward			36,702	<b>36,702</b>	(21 )	Current financial liabilities
<i>Average forward rate (EUR/DKK)</i>				7.438	—		
Notional amount	Forward			9,372	<b>9,372</b>	50	Other current financial assets
<i>Average forward rate (EUR/USD)</i>				1.139	—		
Notional amount	Forward			990	<b>990</b>	20	Other current financial assets
<i>Average forward rate (EUR/JPY)</i>				128.750	—		
<b>Total</b>					<b>47,064</b>	<b>49</b>	

As at December 31, 2020

(EUR thousand)		0 to 6 months	6 to 9 months	9 to 12 months	Total	Carrying amount	Line item in the statement of financial position
Notional amount	Forward			19,554	<b>19,554</b>	(12 )	Current financial liabilities

<i>Average forward rate (EUR/DKK)</i>		7.447	—		
Notional amount	Forward	6,246	<b>6,246</b>	19	Other current financial assets
<i>Average forward rate (EUR/USD)</i>		1.230	—		
Notional amount	Forward	1,203	<b>1,203</b>	(3	) Current financial liabilities
<i>Average forward rate (EUR/CHF)</i>		1.082	—		
Notional amount	Forward	1,008	<b>1,008</b>	(0	) Current financial liabilities
<i>Average forward rate (EUR/JPY)</i>		126.55	—		
<b>Total</b>			<b>28,011</b>	<b>4</b>	

#### Information on interest rate risk

This risk stems from variable rate loans, for which sudden or significant interest rate fluctuations may have a negative impact on economic results. The monitoring of this risk is carried out at corporate level and utilizing similar structures as those employed for the management of currency risks. The Group has hedges in place against interest rate risk, covering almost of the loans contracted.

The Group's most significant floating rate financial assets at December 31, 2021 are cash and cash equivalents and certain financial current investments.

The financial liabilities composition and the impact of the hedging instrument on the statement of financial position as at December 31, 2021 and December 31, 2020 are as follows:

As at December 31, 2021:

(EUR thousand)	IRS	FIX	Floating	Total nominal amount	Effect amortized cost	Total	MtM IRS Derivates	Line item in the statement of financial position
Bank loans	167,864	2,686	404	<b>170,954</b>	(391	) <b>170,563</b>	(1,681	) Current financial liabilities/ Non-current financial liabilities

Bank overdrafts	—	—	37	<b>37</b>	—	<b>37</b>	—	Other financial liabilities
Financial payables for share acquisition	—	—	—	—	—	—	—	Current financial liabilities
Financial liabilities due to related parties	—	940	—	<b>940</b>	—	<b>940</b>	—	Current financial liabilities
Financial liabilities due to other lenders	—	2,524	—	<b>2,524</b>	—	<b>2,524</b>	—	Current financial liabilities/ Non-current financial liabilities
Notes	—	50,000	—	<b>50,000</b>	(380)	<b>49,620</b>	—	Non-current financial liabilities
<b>Total</b>	<b>167,864</b>	<b>56,150</b>	<b>441</b>	<b>224,455</b>	<b>(771)</b>	<b>223,684</b>	<b>(1,681)</b>	

Percentage on Total      75      %    25      %    0      %

As at December 31, 2020:

(EUR thousand)	IRS	FIX	Floating	Total nominal amount	Effect amortized cost	Total	MtM IRS Derivates	Line item in the statement of financial position
Bank loans	229,772	12,838	44,355	<b>286,965</b>	(695)	<b>286,270</b>	(4,402)	Current financial liabilities/ Non-current financial liabilities
Bank overdrafts	—	—	582	<b>582</b>	—	<b>582</b>	—	Other financial liabilities
Financial payables for share acquisition	—	—	7,927	<b>7,927</b>	—	<b>7,927</b>	—	Current financial liabilities
Financial liabilities due to related parties	—	968	—	<b>968</b>	—	<b>968</b>	—	Current financial liabilities

Notes	—	50,000	—	<b>50,000</b>	(427	)	<b>49,573</b>	—	Non-current financial liabilities
<b>Total</b>	<b>229,77</b>			<b>346,44</b>			<b>345,32</b>		
	<b>2</b>	<b>63,806</b>	<b>52,864</b>	<b>2</b>	<b>(1,122</b>	<b>)</b>	<b>0</b>	<b>(4,402</b>	<b>)</b>

*Percentage on Total*      67    %   18    %   15    %

The risk arising from to net investment in foreign subsidiaries is monitored; no active hedging is currently being performed. With regard to commodity risk, the Group enters into fixed-price contracts for certain utilities.

Set out below is the impact of hedging on equity in “cash flow hedge reserve”:

(EUR thousand)	2021	2020
As at 1 January	3,345	2,796
Interest Rate Swap	(2,721 )	722
Tax effect	653	(173 )
As at 31 December	1,277	3,345

The following table presents an analysis of sensitivity to a change in (i) interest rates on the portion of loans and borrowings affected (nearly zero due to the early repayment of almost all the loans with floating rate), and (ii) exchange rates for the currencies the Group is majorly exposed to. With all other variables held constant, the Group’s marginality is affected as follows:

As at December 31, 2021

#### Interest rate sensitivity

(EUR thousand)	Increase/decrease in interest rate		Effect before tax	on profit
	+20 BP	-20 BP	—	—
	+50 BP	-50 BP	—	—
	+100 BP	-100 BP	—	—

#### Exchange rate sensitivity

(EUR thousand)	Increase/decrease in percentage points	Effect on EBITDA
----------------	---	------------------

Euro	1	%	(1	)%	(1,190	)	1,214
US dollar	3	%	(3	)%	(3,500	)	3,716
	5	%	(5	)%	(5,722	)	6,324
Euro	1	%	(1	)%	156	(159	)
Mexican Pesos	3	%	(3	)%	459	(487	)
	5	%	(5	)%	750	(829	)

As at December 31, 2020

#### Interest rate sensitivity

(EUR thousand)	Increase/decrease in interest rate		Effect on before tax		profit	
	+20 BP	-20 BP	(21	)	11	
	+50 BP	-50 BP	(111	)	26	
	+100 BP	-100 BP	(406	)	53	

#### Exchange rate sensitivity

(EUR thousand)	Increase/decrease in percentage points		Effect on EBITDA	
Euro	1	% (1	)%	(862 ) 879
US dollar	3	% (3	)%	(2,534 ) 2,691
	5	% (5	)%	(4,144 ) 4,580
Euro	1	% (1	)%	128 (131 )
Mexican Pesos	3	% (3	)%	377 (400 )
	5	% (5	)%	616 (681 )

#### Liquidity risk

Liquidity risk arises if the Group is unable to obtain the funds needed to carry out its operations under economic conditions. The main determinant of the Group's liquidity position is the cash generated by or used in operating and investing activities.

From an operating point of view, the Group manages liquidity risk by monitoring cash flows and keeping an adequate level of funds at its disposal. The main funding operations and investments in cash and marketable securities of the Group are centrally managed or supervised by the treasury department with the aim of ensuring effective and efficient management of the Group's liquidity. The Group undertakes medium/long term loans to fund medium/long term operations. The Group undertakes a series of activities centrally supervised with the purpose of optimizing the management of funds and reducing liquidity risk, such as:

- centralizing liquidity management
- centralizing cash through cash pooling techniques
- maintaining a conservative level of available liquidity
- diversifying sources of funding of medium and long term financing
- obtaining adequate credit lines
- monitoring future liquidity requirements on the basis of budget forecast and cash flow planning
- monitoring covenants on indebtedness

Intercompany financing is conducted at arm's length terms and normally involves the holding company. These measures currently sufficiently guarantee, at normal conditions and in the absence of extraordinary events, the degree of flexibility required by movements of working capital, investing activities and cash flows in general.

The Group believes that its total available liquidity (defined as cash and cash equivalents plus undrawn committed credit lines and marketable securities), in addition to funds that will be generated from operating activities, will enable the Group to satisfy the requirements of its investing activities and working capital needs, fulfill its obligations to repay its debt and ensure an appropriate level of operating and strategic flexibility. The Group, therefore, believes there is no significant risk of a lack of liquidity.

The following table summarizes the due dates of the Group's financial and other liabilities at December 31, 2021 and at December 31, 2020 on the basis of contractual payments which have not been discounted:

As at December 31, 2021

(EUR thousand)	Due within one year	Due between one and five years	Due beyond five years	Total
Bank overdrafts	37	—	—	37
Borrowings from banks (*)	36,357	134,006	591	170,954
Notes (*)	—	—	50,000	50,000
Lease liabilities (**)	6,046	12,751	6,961	25,758
Other Financial liabilities	2,729	735		3,464
Trade payables	164,787	—	—	164,787



Tax payables	19,440	—	—	19,440
Other liabilities	65,813	1,808	—	67,621
Employee Benefits	—	11,853	—	11,853
<b>Total liabilities</b>	<b>295,209</b>	<b>161,153</b>	<b>57,552</b>	<b>513,914</b>

(\*) The corresponding balance reported in the financial statement position is EUR 170,562 thousand and EUR 49,620 thousand respectively at 31 December 2021 and refers to adoption of amortized cost.

(\*\*) The corresponding balance in the financial statement position is EUR 23,127 thousand and refers to adoption of IFRS 16.

As at December 31, 2020

(EUR thousand)	Due one year	within one and five years	Due beyond five years	Total
Bank overdrafts	582	—	—	582
Borrowings from banks (*)	62,169	216,717	8,079	286,965
Notes (*)	—	—	50,000	50,000
Lease liabilities (**)	5,954	14,868	7,706	28,528
Other Financial liabilities	8,896	—	—	8,896
Trade payables	118,740	—	—	118,740
Tax payables	19,126	—	—	19,126
Other liabilities	43,683	1,715	93	45,491
Employee Benefits	—	29,725	—	29,725
<b>Total liabilities</b>	<b>259,150</b>	<b>263,025</b>	<b>65,878</b>	<b>588,053</b>

(\*) The corresponding balance reported in the financial statement position is EUR 286,270 thousand and EUR 49,573 thousand respectively at 31 December 2020 and refers to adoption of amortized cost.

(\*\*) The corresponding balance in the financial statement position is EUR 25,621 thousand and refers to adoption of IFRS 16.

### Credit risk

Credit risk is the risk of economic loss arising from the failure to collect a receivable. Credit risk encompasses the direct risk of default and the risk of a deterioration of the creditworthiness of the counterparty. The maximum credit risk to

which the Group is theoretically exposed is represented by the carrying amounts of the financial assets stated in the consolidated statement of financial position sheet.

Where customers fail to meet payment deadlines, the Group's financial position may deteriorate. In addition, socio-political events (or country risks) and the general economic performance of individual countries or geographical regions may assume significance also in relation to this aspect. The trade receivable risk is however mitigated by consolidated commercial relations with high-standing pharma multi-nationals and Group guidelines drawn up for the selection and evaluation of the client portfolio, which may require, where possible and appropriate, further guarantees from customers.

Trade receivables as of December 31, 2021, amounting overall to EUR 171,803 thousand (EUR 135,514 thousand in 2020), include receivables not overdue of EUR 133,671 thousand and overdue receivables of EUR 38,132 thousand, of which EUR 30,149 thousand within 90 days, EUR 1,217 thousand between 90 and 180 days, EUR 1,047 thousand between 181 and 365 days and EUR 5,719 thousand beyond 365 days. As of December 31, 2021 the Group has accrued an allowance for doubtful accounts amounting to EUR 6,544 thousand (EUR 7,696 thousand in 2020).

## **42. COVID-19 Pandemic**

Stevanato Group has been in the vaccine business for decades, serving as a partner for the distribution of a variety of vaccines worldwide. In 2020, the global COVID-19 pandemic caused both governments and private organizations to implement numerous measures seeking to contain the spread of the virus. These measures impacted and are expected to continue to impact the Group business and operations in several ways.

Initial unfavorable short-term impacts of COVID-19 on production and operational capabilities included: (i) a temporary decrease in the sales of certain non-COVID-19 products as a result of traditional healthcare procedures being postponed and the diversion of our production capacity to support the rollout of the COVID-19 vaccine worldwide (ii) labor absenteeism; (iii) disruptions to production lines; (iv) delays in, and increased costs of, logistics; and (v) increased SG&A costs related to employee bonuses to recognize and reward general efforts to ensure business continuity during the pandemic.

However, COVID-19 also provided an uplift to the Group's business with an acceleration of revenue from the sale of syringes and vials for vaccination programs globally. Stevanato Group has been supplying: (i) glass vials and syringes to approximately 90% of currently marketed vaccine programs, according to our estimates based on public information (WHO, EMA, FDA); and (ii) plastic diagnostic consumables for the detection and diagnosis of COVID-19. Going forward, the Group expects demand for syringes, vials and related products and services to remain elevated as the COVID-19 vaccine and treatment programs continue to roll-out globally and as customers contemplate the transition from multi-dose formats to single-dose formats. In addition, the Group expects continued tailwinds as epidemic preparedness, including the ongoing global COVID-19 vaccine rollout, booster shot distribution, and new vaccination programs, remain a priority for governments. Longer-term, there remains uncertainty around the magnitude of the impact of COVID-19 and the demand for our solutions. Many scientists predict that COVID-19 will eventually transition to an endemic state. While timing of this transition is difficult to predict, experts believe that the transition may likely occur over the next twelve to twenty-four months. This may result in a continued need and relatively stable demand for the Group's products and services that support COVID-19 and would be integrated into the standard vaccine business in the coming years.

### 43. Events after the reporting period

On February 23, 2022 Nuova Ompi signed the preliminary contract for the purchase of a brownfield in Latina (Italy) for a total consideration of approximately EUR 16 million. The facility, after renovation, is expected to produce EZ-fill® syringes and vials.

On February 25, 2022 the Group signed its first partnership agreement with the U.S. government's Biomedical Advanced Research and Development Authority – or BARDA – which is part of the Department of Health and Human Services, in collaboration with the U.S. Department of Defense. Under the agreement, BARDA will invest up to approximately USD 95 million for Stevanato to increase its planned manufacturing capacity in Indiana for both standard and EZ-Fill® vials. The main objective is to strengthen domestic capabilities in the U.S. for national defense readiness and preparedness programs for current and future public health emergencies.



**STEVANATO GROUP S.P.A.**

## **FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021**

The amounts are expressed in units of Euro

### **Balance Sheet**

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
<b>BALANCE SHEET</b>		
<b>ASSETS</b>		
..... <b>B) Fixed assets</b>		
.....I. Intangible assets		
.....1) Start-up and expansion costs	22,369,394	
.....3) Industrial patents and intellectual property rights	2,867,183	3,423,579
.....4) Concess., licenses, trademarks and similar rights	170,584	493,772
.....6) Assets under construction and advances	3,408,033	233,977
.....7) Other intangible assets	41,736	63,464
..... <b>Total</b>	<b>28,856,930</b>	<b>4,214,792</b>
.....II. Property, plant and equipment		
.....1) Land and buildings	40,311,796	20,682,626
.....2) Plants and machinery	1,625	18,710
.....3) Industrial & commercial equipment	103,677	131,091
.....4) Other assets	703,850	639,603
.....5) Assets under construction and advances	5,777,199	3,030,105
..... <b>Total</b>	<b>46,898,147</b>	<b>24,502,135</b>
.....III. Financial assets		
.....1) Investments in:		
.....a) subsidiaries	225,895,152	225,895,152
.....d-bis) other companies	56,005	6,005
..... <b>Total investments</b>	<b>225,951,157</b>	<b>225,901,157</b>
.....2) Receivables		
.....a) from subsidiaries		

.....- within one year	66,600,553	59,390,838
.....- beyond one year	52,363,636	65,069,665
<b>.....Total</b>	<b>118,964,189</b>	<b>124,460,503</b>
.....d-bis) from others		
.....- within one year		4,613,975
.....- beyond one year	459,624	12,925
<b>.....Total</b>	<b>459,624</b>	<b>4,626,900</b>
<b>.....Total</b>	<b>119,423,813</b>	<b>129,087,403</b>
<b>.....Total</b>	<b>345,374,970</b>	<b>354,988,560</b>
<b>.....Total Fixed assets</b>	<b>421,130,047</b>	<b>383,705,487</b>
<b>.....C) Current assets</b>		
.....II. Receivables		
.....1) Trade receivables		
.....- within one year	1,750	5,617
<b>.....Total</b>	<b>1,750</b>	<b>5,617</b>
.....2) From subsidiaries		
.....- within one year	18,154,355	11,876,587
<b>.....Total</b>	<b>18,154,355</b>	<b>11,876,587</b>
.....4) From parent companies		
.....- within one year	6,048,628	2,680,502
<b>.....Total</b>	<b>6,048,628</b>	<b>2,680,502</b>
.....5-bis) Tax receivables		
.....- within one year	13,676,449	6,672,982
<b>.....Total</b>	<b>13,676,449</b>	<b>6,672,982</b>
.....5-ter) Deferred tax assets		
.....- within one year	1,177,208	1,458,815
.....- beyond one year	117,180	117,180
<b>.....Total</b>	<b>1,294,388</b>	<b>1,575,995</b>
.....5-quater) Other receivables		
.....- within one year	108,592	105,480
.....- beyond one year	22,190	7,200
<b>.....Total</b>	<b>130,782</b>	<b>112,680</b>
<b>.....Total receivables</b>	<b>39,306,352</b>	<b>22,924,363</b>

.....III. Current financial assets		
.....5) Derivative financial instruments - assets	49,283	19,366
.....7) Financial assets - centralised treasury management	12,024,777	
<b>.....Total</b>	<b>12,074,060</b>	<b>19,366</b>
.....IV. Cash and cash equivalents		
.....1) Bank & postal deposits	321,776,881	4,441,505
.....3) Cash on hand and similar	5,469	5,353
<b>.....Total</b>	<b>321,782,350</b>	<b>4,446,858</b>
<b>.....Total current assets</b>	<b>373,162,762</b>	<b>27,390,587</b>
<b>.....D) Prepayments &amp; accrued income</b>	<b>3,934,805</b>	<b>876,698</b>
<b>Total Assets</b>	<b>798,227,614</b>	<b>411,972,772</b>

	December 31, 2021	December 31, 2020
<b>.....LIABILITIES</b>		
<b>.....A) Shareholders' Equity</b>		
.....I. Share Capital	21,698,480	20,002,000
.....II. Share premium reserve	410,562,640	
.....III. Revaluation reserve	3,468,612	3,395,000
.....IV. Legal reserve	4,000,400	4,000,400
.....VI. Other reserves:		
.....Extraordinary reserve	47,528,826	33,351,260
.....Difference from Euro rounding		(3)
.....Capital payments	2,200,000	2,200,000
.....Other reserves	7,975,030	7,975,030
.....Treasury share disposal reserve	640,443	989,047
<b>.....Total</b>	<b>58,344,299</b>	<b>44,515,334</b>
.....VII. Cash flow hedge reserve	(1,277,423)	(3,345,417)
.....IX. Net profit for the year	5,309,863	12,732,578
.....X. Negative reserve for treasury shares in portfolio	(33,869,001)	(26,189,347)
<b>.....Total Shareholder's Equity</b>	<b>468,237,870</b>	<b>55,110,548</b>
<b>.....B) Provisions for risks and charges</b>		
.....1) Pension and similar obligations	2,741,922	1,135,951
.....2) Taxes, including deferred tax liabilities	195,996	76,314
.....3) Derivative financial instruments - liabilities	1,680,819	4,417,401
.....4) Other provisions	900,000	
<b>.....Total</b>	<b>5,518,737</b>	<b>5,629,666</b>
<b>.....C) Post-employment benefits</b>	<b>2,650,808</b>	<b>2,455,698</b>
<b>.....D) Payables</b>		
.....1) Bonds		
.....- within one year	(60,884)	(60,150)
.....- beyond one year	49,681,361	49,632,945
<b>.....Total</b>	<b>49,620,477</b>	<b>49,572,795</b>
.....4) Bank loans and overdrafts		
.....- within one year	35,760,294	56,917,306
.....- beyond one year	131,729,521	213,196,094



..... <b>Total</b>	<b>167,489,815</b>	<b>270,113,400</b>
.....6) Advances from customers		
.....- within one year	2,280,000	240,000
.....- beyond one year		2,160,000
..... <b>Total</b>	<b>2,280,000</b>	<b>2,400,000</b>
.....7) Trade payables		
.....- within one year	12,607,250	7,912,694
..... <b>Total</b>	<b>12,607,250</b>	<b>7,912,694</b>
.....9) Subsidiaries		
.....- within one year	82,438,321	10,839,169
.....- beyond one year		1,262,878
..... <b>Total</b>	<b>82,438,321</b>	<b>12,102,047</b>
.....12) Tax payables		
.....- within one year	744,428	555,332
..... <b>Total</b>	<b>744,428</b>	<b>555,332</b>
.....13) Social security payables		
.....- within one year	699,303	627,952
..... <b>Total</b>	<b>699,303</b>	<b>627,952</b>
.....14) Other payables		
.....- within one year	5,548,106	4,912,425
..... <b>Total</b>	<b>5,548,106</b>	<b>4,912,425</b>
..... <b>Total payables</b>	<b>321,427,700</b>	<b>348,196,645</b>
..... <b>E) Accrued liabilities and deferred income</b>	<b>392,499</b>	<b>580,215</b>
<b>Total Liabilities</b>	<b>798,227,614</b>	<b>411,972,772</b>

## Income Statement

	<b>For the years ended</b>	
	<b>December 31, 2021</b>	<b>December 31, 2020</b>
<b>INCOME STATEMENT</b>		
<b>A) VALUE OF PRODUCTION</b>		
.....1) Revenues from sales and services	36,978,371	26,124,055
.....5) Other revenues and income		
.....miscellaneous	2,072,106	2,473,152
.....operating grants		3,524
<b>Total value of production</b>	<b>39,050,477</b>	<b>28,600,731</b>
<b>B) COSTS OF PRODUCTION</b>		
.....6) Raw materials, ancillary materials, consumables and goods	484,560	356,909
.....7) Services	20,226,601	13,366,716
.....8) For utilization of third parties' assets	7,160,688	5,512,112
.....9) Personnel		
.....a) Salaries and wages	16,379,151	12,984,846
.....b) Social security charges	2,599,472	2,118,800
.....c) Post-employment benefits	855,194	680,202
.....d) Pensions and similar	17,430	8,003
.....e) Other costs	43,722	47,735
<b>.....Total</b>	<b>19,894,969</b>	<b>15,839,586</b>
.....10) Amortization, depreciation and write-downs		
.....a) Amortization of intangible assets	7,444,436	1,672,503
.....b) Depreciation of tangible assets	1,734,639	988,455
<b>.....Total</b>	<b>9,179,075</b>	<b>2,660,958</b>
.....14) Other operating expenses	458,414	234,495
<b>Total costs of production</b>	<b>57,404,307</b>	<b>37,970,776</b>
<b>Difference between value and costs of production (A-B)</b>	<b>(18,353,830)</b>	<b>(9,370,045)</b>
<b>C) FINANCIAL INCOME AND CHARGES</b>		
.....15) Income from equity investments		
.....- from subsidiaries	25,000,000	21,500,000
<b>.....Total</b>	<b>25,000,000</b>	<b>21,500,000</b>

.....16) Other financial income:		
.....a) non-current receivables		
.....- other	22,386	53,378
.....d) Other income than above		
.....- from subsidiaries	1,874,435	2,254,706
.....- other	27,750	39,117
<b>.....Total</b>	<b>1,924,571</b>	<b>2,347,201</b>
.....17) Interest and other financial charges		
.....- from subsidiaries	342,775	18,641
.....- other	4,110,387	4,602,324
<b>.....Total</b>	<b>4,453,162</b>	<b>4,620,965</b>
.....17-bis) Exchange gains and losses	(3,741,965)	(250,506)
<b>Total financial income and charges</b>	<b>18,729,444</b>	<b>18,975,730</b>
<b>D) Adjustment to financial assets and liabilities</b>		
.....18) Revaluations:		
.....d) of derivative financial instruments	272,628	613,993
<b>.....Total</b>	<b>272,628</b>	<b>613,993</b>
.....19) Write-downs:		
.....d) of derivative financial instruments	(701,703)	(58,456)
<b>.....Total</b>	<b>(701,703)</b>	<b>(58,456)</b>
<b>Total adjustment to financial assets and liabilities</b>	<b>(429,075)</b>	<b>555,537</b>
<b>Profit/(loss) before taxes (A-B±C±D)</b>	<b>(53,461)</b>	<b>10,161,222</b>
.....20) Income taxes		
.....b) Prior year taxes	934,286	(109,068)
.....c) Deferred and prepaid taxes	(251,762)	(229,420)
.....d) (Income) charges from the tax consolidation / fiscal transparency regime	(6,045,848)	(2,232,868)
<b>.....Total</b>	<b>(5,363,324)</b>	<b>(2,571,356)</b>
<b>21) Net profit for the year</b>	<b>5,309,863</b>	<b>12,732,578</b>

## Cash Flow Statement

	For the years ended	
	December 31, 2021	December 31, 2020
A. Cash flow from operating activities (indirect method)		
Net profit	5,309,863	12,732,578
Income taxes	(5,363,324)	(2,571,356)
Interest charges/(income)	2,528,591	2,267,045
(Dividends)	(25,000,000)	(21,500,000)
(Gains)/losses on sale of assets		
<b>1. Loss for the year before taxes, interest, dividends and losses from disposals</b>	<b>(22,524,870)</b>	<b>(9,071,733)</b>
Non-cash adjustments not impacting working capital:		
Provisions	3,493,679	1,816,152
Depreciation and amortization	9,179,075	2,660,958
Impairments		
Adjustments to non-cash financial instrument assets and liabilities	(698,505)	(135,170)
Other non-cash adjustments	4,193,390	(275,984)
<b>2. Cash flow before net working capital changes</b>	<b>(6,357,231)</b>	<b>(4,952,399)</b>
Change in net working capital:		
Decrease/(Increase) in inventories		
Decrease/(Increase) in trade receivables	3,867	1,534
Increase/(decrease) in trade payables	4,694,556	763,165
Decrease/(Increase) in prepayments and accrued income	(3,058,107)	154,260
Increase/(Decrease) in accrued liabilities and deferred income	(187,716)	73,673
Other changes in working capital	(13,038,982)	7,275,077
<b>3. Cash flow after net working capital changes</b>	<b>(17,943,613)</b>	<b>3,315,310</b>
Other adjustments:		
Interest received/(paid)	(2,009,904)	(2,044,439)
Income taxes received/(Income taxes paid)	(2,680,502)	-
Dividends received	25,000,000	21,500,000
(Utilisation of provisions)	(792,601)	(1,398,369)
Other receipts (payments)		

<b>CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>6,934,384</b>	<b>21,372,502</b>
B. Cash flows from investing activities		
Property, plant & equipment:		
(Investments)	(7,444,424)	(4,092,042)
Divestments		27,038
Intangible assets:		
(Investments)	(4,124,832)	(1,862,134)
Divestments		
Financial assets:		
(Investments)	(21,379,868)	(68,366,798)
Divestments	22,200,000	73,117,764
Current financial assets		
(Investments)		
Divestments		
(Acquisition of business units net of cash and cash equivalents)	707,775	
Disposal of business units net of cash and cash equivalents		
<b>CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(10,041,349)</b>	<b>(1,176,172)</b>
C. Cash flow from financing activities		
Third-party funds:		
Increase (decrease) in short-term loans		
Proceeds from loans		50,000,000
(Repayment of loans)	(102,575,903)	(61,162,972)
Centralised treasury management	57,523,573	
Own funds:		
Paid-in share capital increase	380,089,747	
(Repayment of share capital)		
Disposal (acquisition) of treasury shares	(3,394,960)	
(Dividends and (advances on dividends) paid)	(11,200,000)	(8,900,000)
<b>CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>320,442,457</b>	<b>(20,116,350)</b>
Increase (decrease) in cash and cash equivalents (A+B+C)	317,335,492	79,980
Currency effect on cash and cash equivalents		
<b>Cash and cash equivalents at 01/01/2021</b>	<b>4,446,858</b>	<b>4,366,878</b>
Of which:		

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**as at and for the year ended December 31, 2021**  
 Statements and Accompanying Notes

Bank and postal deposits	4,441,505	4,360,840
Cheques		
Cash on hand and similar	5,353	6,038
<b>Cash and cash equivalents at December 31, 2021</b>	<b>321,782,350</b>	<b>4,446,858</b>
Of which:		
Bank and postal deposits	321,776,881	4,441,505
Cheques		
Cash on hand and similar	5,469	5,353

## Accompanying notes to the Financial Statements at December 31, 2021

### Introduction

Dear Shareholders,

In 2021, your Company recorded a net profit of Euro 5,309,863.

Provided below is an analysis of the various items of the financial statements and a description of the measurement policies adopted, along with an analysis of how this net profit was achieved.

The Company controls directly the following companies (with % share held):

Nuova Ompi S.r.l.	100.00%
S.P.A.M.I. S.r.l.	100.00%
Stevanato Group International a.s	100.00%
Ompi N.A. S. de R.L. de C.V.	30.76%
Ompi Do Brasil Comercio de Embalagens Farm. LTDA	79.00%
Balda Medical GmbH	100.00%
Ompi Of Japan Co. Ltd.	51.00%

and indirectly:

through Stevanato Group International a.s. the following companies:

Medical Glass a.s.	99.74%
Ompi Of America Inc.	100.00%
Stevanato Group N.A. S. de R.L. de C.V.	100.00%
Ompi N.A. S. de R.L. de C.V.	69.24%
Ompi Pharmaceutical Packing Tech. Co. LTD	100.00%

INNOSCAN A/S	100.00%
SVM Automatik A/S	100.00%
Ompi Do Brasil Comercio de Embalagens Farm. LTDA	21.00%

through Balda Medical GmbH the following companies:

Balda C. Brewer Inc.	100.00%
Balda Precision inc.	100.00%
Medirio SA	100.00%

### Basis of preparation

The financial statements at December 31, 2021, of which these Accompanying notes are an integral part as per Article 2423, paragraph 1 of the Civil Code, correspond to the company's duly kept underlying accounting records and were drawn up in accordance with Articles 2423 and subsequent of the Civil Code, as amended by Legislative Decree No. 139 of August 18, 2015 implementing Directive 2013/34/EU.

The general financial statement preparation clauses (Article 2423 of the Civil Code), the drafting principles (Article 2423 bis of the Civil Code) and the measurement criteria for the individual accounts (Article 2426 of the Civil Code) were complied with, without the application of any exceptions under Article 2423, paragraph 5 of the Civil Code.

As per Article 2423 of the Civil Code, it is stated that:

- the balance sheet and income statement prepared as per articles 2424 and 2425 of the Civil Code provide sufficient information to provide a true and fair view of the financial and equity situation and of the result of the company;
- no cases of incompatibility arose between the statutory reporting requirements and the need to provide a true and fair view.

These accompanying notes outline the balance sheet and income statement accounts on the basis of the order in which they appear in the respective financial statements.

As required by Article 2423, paragraph 1 of the Civil Code, the company prepared the Cash Flow Statement as per the indirect method under OIC 10, presenting also for comparative purposes the figures at 31.12.2020, as per Article 2425-ter of the Civil Code.



The corresponding values at December 31, 2021 are shown for all Balance Sheet, Income Statement and Cash Flow Statement items. Where the account items are not comparable, those relating to the previous year were adopted providing in the Accompanying notes, for the significant amounts, the relative disclosures.

In application of the materiality principle as per Article 2423, paragraph 4 of the Civil Code, the comments to the financial statement accounts are omitted, even where specifically required by Article 2427 of the Civil Code or other provisions, where their amounts and relative disclosure are immaterial for the provision of a true and fair view of the balance sheet and financial position and result of the company.

With regards to company operations and transactions with subsidiaries, associates, parent companies, those subject to common control and other related parties, reference should be made to the Directors' Report, drawn up by the company directors and accompanying these financial statements.

Therefore, we consider the financial statements at December 31, 2021 to provide a true and fair view of the Company's equity, operating and financial position.

The Balance Sheet, Income Statement and Cash Flow Statement have been drawn up in Euro, without decimal places, in accordance with Article 16, paragraph 8 of Legislative Decree No. 213/98 and Article 2423, paragraph 6 of the Civil Code.

### Accounting policies

(Ref. Article 2427, first paragraph, No. 1 of the Civil Code)

The accounting policies adopted are those specifically required by Article 2426 and other provisions of the Civil Code, as amended by Legislative Decree No. 139/2015. For the valuation of specific cases not expressly governed by the above-stated rules, reference is made to Italian GAAP drawn up by the Italian Accounting Organisation (*Organismo Italiano di Contabilità*).

The accounts have been measured in accordance with the general criteria of prudence and accruals and on a going concern basis, and also taking into consideration the economic function of the assets and liabilities. Furthermore:

- all income and charges for the year, regardless of when they were received or incurred, are reported in the financial statements;
- account is taken of risks and losses in the year even if known after the year-end;
- no exceptional cases have arisen that require a departure from the provisions of the law;
- the measurement criteria have not been changed with respect to the previous year;
- for each item of the Balance Sheet and Income Statement, the amount of the corresponding item for the previous year was indicated;

- items preceded by Arabic numerals have not been grouped together, both in the Balance Sheet and in the Income Statement;
- no asset or liability accounts are included in more than one financial statements account item.

The application of the prudence principle has resulted in the separate quantification of the items forming each asset and liability accounts so as to avoid offsetting losses that ought to be recognized in the accounts, and profits that should not be recognized as they have not been realised.

Consistency in the application of the accounting policies is fundamental to ensure comparable financial statements from year to year.

The valuation that takes into account the economic function of the asset or liability considered based on the principle of the prevalence of substance over form – obligatory where not expressly contrary to other specific accounting principles and regulations – permits the representation of the formal aspects of the operations in accordance with the underlying economic reality.

## Exceptions

(Ref. Article 2423, fifth paragraph of the Civil Code).

There were no exceptional cases requiring exemptions as per Article 2423, paragraph 5 of the Civil Code.

The main accounting policies and the rules of first application adopted are illustrated below, with specific indication of the choices made with regards to the availability of a number of accounting alternatives according to statutory law.

## Fixed assets

### Intangible assets

They are stated at historical cost, including any accessory charges, net of accumulated amortization charged directly to the individual items.

### Start-up and expansion costs

Start-up and expansion costs are recognized as an asset with the consent of the Board of Statutory Auditors and are amortized over a period of no more than five years.

Following the public listing on the New York Stock Exchange on July 16, 2021, the Company recognized transaction costs related to the issue of new shares among set-up and expansion costs given that they contribute growth that goes beyond normal growth processes both qualitatively and quantitatively. These costs are amortized over a period of 5 years.

Deferred charges were recognized to the Balance Sheet where:

- their future utility has been demonstrated;
- an objective link exists with the relative future benefits devolving to the company;
- their recoverability may be estimated with reasonable certainty.

Industrial patent and intellectual property rights are amortized on the basis of their residual possibility of use at an annual rate of 33%.

Leasehold improvements are amortized in accordance with the duration of the contract.

### Property, plant & equipment

These are recorded at purchase cost and adjusted by the accumulated depreciation provision at the date on which the risks and benefits are transferred, which normally coincides with the transfer of ownership.

The amount stated in the financial statements includes incidental costs and costs incurred for the use of the asset, reducing the cost for significant commercial and cash discounts.

Depreciation recognized to the income statement has been calculated in consideration of the use, intended purpose and economic-technical duration, on the basis of the residual possible useful life, which is appropriately reflected by the following rates applied which have not changed on the previous year:

<b>Assets</b>	
Land and Buildings	3.0%
Plant and machinery	25.0%
Industrial and commercial equipment	15.0%
EDP	20.0%
Furniture & fittings	12.0%

In 2020, we began calculating depreciation on a pro-rata temporis basis.

Depreciation was not calculated relating to the value of land, as considered, based on the latest estimates, as assets not subject to degeneration and with an unlimited useful life.

Expansion and upgrading of fixed assets are capitalised only if they result in a significant and tangible increase in the production capacity, productivity and useful life. Ordinary improvements and maintenance of fixed assets are directly expensed to the Income Statement in the year incurred.

The property, plant and equipment which the company decides to hold for sale are categorised separately from property, plant and equipment in a current asset account and measured at the lower of the net carrying amount and the market value and are no longer subject to depreciation. This reclassification is made where the following requirements are met:

- the assets may be sold under their current conditions or do not require modifications such as to defer their disposal;
- the disposal appears highly probable in view of initiatives undertaken, of the expected price and of the market conditions;
- the transaction is expected to be concluded in the short-term period.

The measurement criteria adopted for assets held-for-sale are applied also to obsolete assets and in general to assets which will no longer be utilised or are utilisable in the production cycle.

Tangible fixed assets were revalued in accordance with Legislative Decree No. 185/08 enacted into Law 2/2009. No assets were discretionarily or voluntarily revalued and the asset values were determined objectively on the basis of their use.

#### **Impairments of tangible and intangible assets**

In the presence of indicators of impairments to intangible and tangible assets at the reporting date, an estimate of their recoverable value is made.

Where their recoverable value i.e. the higher of their value in use and their fair value, net of sales costs, is lower than the corresponding net carrying amount, a write-down of fixed assets is made.

The write-down made is not maintained in subsequent years if the reasons for the adjustment no longer apply. The write-back is implemented within the value limits of the adjustment previously applied, i.e. taking into account the amortization and depreciation that would have been carried out in the absence of the impairment loss. It is not possible to restore the impairment loss recognized on goodwill and on deferred charges.

#### **Financial assets**

##### **Investments**

Financial assets consisting of investments in subsidiary and associated companies are valued in accordance with the cost method, including accessory charges; the cost value is determined on the basis of the purchase or subscription price or the value assigned to the assets conferred.

The cost as calculated above is reduced for any impairment losses; where the reasons for the adjustment cease to apply, the value of the equity investment is restored within the limit of the purchase cost.

Investments in other companies that are not subsidiaries and/or associates have been recognized at purchase cost, adjusted if necessary on the basis of the losses recorded by the investee companies and therefore shown at a value lower than the purchase cost.

### Debt securities

The classification of debt securities to fixed assets or current assets is directly based on the effective likelihood of their maintenance within a given portfolio.

Long-term securities are recognized under fixed assets. In order to establish long-term classification within the equity of the company, in addition to the characteristics of the instrument, the intentions of company management and the effective capacity to hold the securities for a protracted period of time are considered.

Fixed securities, listed or non-listed, are recognized at amortized cost, including bank intermediation and financial costs, consultancy expenses and other direct settlement costs, tax duties and expenses and any other difference between the initial value and the nominal value on maturity. These costs are divided over the expected duration of the security according to the effective interest rate criterion and supplement, for the portion accruing in the year, the return on the security calculated at the nominal rate.

The securities are valued individually, i.e. allocating to each their specific cost.

The income statement items concerning long-term debt securities are recognized to the respective income statement accounts.

Long-term securities are impaired where, for reasons related to the reimbursement capacity of the issuer, it is considered reasonable and founded to no longer fully receive the cash flows - as capital or interest - established under the contract.

Impairments are entirely recognized in the period in which they are realised to the account D19 b) "Write-downs of financial assets not constituting investments". They are calculated referring to all useful elements, relating to existing situations at the reporting date, even if known after the reporting date.

The income statement items concerning long-term debt securities are recognized to the respective income statement accounts. In particular:

- interest income (adjusted by the cost components and the difference between the opening amount and the maturing nominal value amortized in the year) and profits from the trading of securities before natural maturity, to account line C16 c);
- losses from the trading of securities before natural maturity, to account line C17);
- the write-down and write-back, respectively to account line D19) c) and account line D18) c).

## Receivables

Financial receivables are recognized at amortized cost. However, considering that no accessory charges related to the loans granted to the parent and/or company subject to the control of the parent exist and the interest rate applied is in line with market rates, the effects from application of the amortized cost are considered insignificant against the nominal value of the receivable.

## Derivative financial instruments

Derivative financial instruments are recognized from the contract signing date, from when the company is subject to the relative rights and obligations.

In accordance with Article 2426, paragraph 1, No. 11-bis, of the Civil Code and OIC 32, derivative financial instruments, even if incorporated into other financial instruments, are measured at fair value both at the initial recognition date and at all subsequent financial statement reporting dates. The initial recognition and the change in the fair value compared to the previous year are recorded in the financial statements according to whether the derivative financial instruments qualify (and are effectively designated) as cash flow hedges.

### Operations not qualifiable (or not designated) as hedges

Where the transaction is not qualifiable (or is not designated) as a hedge, the fair value changes are recorded to the income statement under section D) "Adjustments to financial assets and liabilities". As established by Article 2426, paragraph 1, No. 11-bis of the Civil Code, profits from the measurement of the derivative financial instruments not designated as hedges are recorded in a non-distributable equity reserve.

### Operations qualifiable (and designated) as hedges

The company undertakes derivative financial instrument hedges against interest rate risk.

A derivative financial instrument operation is designated as a hedge where:

- a) the hedging relationship consists only of admissible hedging instruments and admissible hedged elements in accordance with OIC 32;
- b) there is a close and documented correlation between the features of the instrument and the hedged operation and those of the hedged instrument, in accordance with Article 2426, paragraph 1, No. 11-bis of the Civil Code; the documentation concerns the formalisation of the hedging relationship, of the company risk management objectives and the hedging strategy;
- c) the hedging relationship satisfies all the following hedge efficacy requirements:
  - i. there is a financial relationship between the hedged element and the hedging instrument;

- ii. the effect of the credit risk of the counterparty of the derivative financial instrument and the hedged element, where the credit risk is not the subject of the hedge, does not take precedence over changes in the value resulting from the financial relationship;
- iii. the hedging ratio is calculated as that between the quantity of derivative financial instruments utilised and the quantity of the hedged elements (as an amount which does not *ex ante* result in the inefficacy of the hedge).

Verification of the financial relationship is made qualitatively, establishing that the elements giving rise to the hedging instrument or the hedged element correspond or are strictly aligned, and also quantitatively. Where hedging operations concern derivative financial instruments with entirely similar features to those of the hedged element (defined as "simple hedging relations") and the derivative financial instrument is subscribed at market conditions, the hedging relationship is considered effective by simply verifying that the main elements (such as the nominal amount, the settlement date of cash flows, the maturity and the underlying variable) of the hedged instrument and of the hedged element correspond or are strictly aligned and that the credit risk of the counterparty is not such to significantly affect the fair value both of the hedging instrument and of the hedged element.

Assessment of the applicability of the admissibility criteria is made on an ongoing basis and at each reporting date the company assesses whether the hedging relationship continues to satisfy the efficacy requirement.

The company prospectively discontinues hedge accounting where:

- a) the hedging instrument matures, is sold or disposed of (without replacement already established under the original hedging strategy);
- b) the hedge no longer satisfies the conditions for hedge accounting.

Where the change in the economic relationship between the hedged element and the hedging instrument involves the conclusion of the hedging relationship and the risk management objective for the designated hedge relationship remains the same, the company assesses the possibility to review the hedging relationship.

With regards to derivative financial instruments subscribed by the company, interest rate hedges on loans are recognized according to the hedge accounting rules, while for financial instruments subscribed to hedge exchange rate risk, where the requirements under OIC 32 for recognition of derivative hedges are not met, the company recognises the fair value changes to the income statement under section D) "Adjustments to financial assets and liabilities". As established by Article 2426, paragraph 1, No. 11-*bis* of the Civil Code, profits from the measurement of the derivative financial instruments not designated as hedges are recorded in a non-distributable equity reserve.

The recognition and changes in fair value on the previous year, if positive, are recognized in the financial statements under fixed or current assets depending on the nature of the instrument, whilst derivative financial instruments with a negative fair value are recorded in the financial statements under Provisions for risks and charges.

#### Determination of the fair value

For the measurement of the fair value of derivative financial instruments, the company has established their main (or most advantageous) market and the most appropriate measurement techniques taking account of the fair value

hierarchy level to which they are classified and the parameters and the assumptions which market operators would use to establish the price of the derivative financial instrument, including assumptions concerning the risks, presuming that market operators act in a manner as to best satisfy their own economic interest.

In particular, in measuring the fair value, the company maximised the use of significant observable parameters and reduced to a minimum the use of non-observable parameters according to the fair value hierarchy described below:

Level	Description
1	market value (for financial instruments for which it is possible to easily identify an active market)
2	derivative value of the market value of a component of the instrument or of a similar instrument (where the market value of an instrument is not easily identifiable, but its components or those for a similar instrument may be identified)
3	value resulting from generally accepted measurement models and techniques which can guarantee a reasonable approximation of the market value (for instruments for which it is not easily possible to identify an active market)

In measuring the fair value, the company took account of the credit risk of the parties to the contract as per OIC 32.

## Disclosure

In accordance with Article 2427-bis of the Civil Code, and in application of OIC 32, for each category of derivative financial instrument information on the following is provided in the Accompanying notes:

- their fair value;
- their amount and type (including significant terms and conditions which may influence the amount, the maturity and the certainty of future cash flows);
- the fundamental assumptions on which the measurement models and techniques were based, where the fair value is not measured according to market findings;
- the changes in value directly recognized to the income statement, in addition to those recognized to the shareholders' equity reserves;
- the movements in the fair value reserves in the year.

In the section regarding derivative financial instruments, where applicable, information is also provided regarding:

- the fair value component included in the assets and liabilities subject to fair value hedging;
- any non-calculable component of the fair value;
- the description of the absence of the "highly probable" requirement for a planned operation subject to cash flow hedging;
- the ineffective component recognized to the income statement in the case of cash flow hedges;
- any causes for the conclusion of the hedging relationship and the relative accounting effects.



Derivative financial instruments are measured at fair value, i.e. the price that will be received for the sale of an asset or which will be paid for the transfer of a liability in a transaction settled between market operators at the measurement date.

## Receivables

Receivables originating from revenues for the sale of goods or provision of services are recorded under current assets based on the accruals principle when the relative revenues may be recognized.

Receivables which originate for other reasons are recorded when the “right” to the receivable arises and therefore when they represent an effective obligation of third parties towards the entity; where they are of a financial nature they are classified under non-current financial assets, with indication of the amount due within one year.

The amortized cost criterion was not applied as the effects are irrelevant for the presentation of a true and fair view. Therefore, receivables are shown at their estimated realisable value, except for the application of the discounting process.

The nominal value is adjusted by means of a doubtful debt provision which takes account of the general economic and sector conditions and the country risk.

The receivables originally due within one year and subsequently converted into long term receivables are included in the balance sheet under financial assets.

## Cancellation of receivables

The receivable is eliminated from the financial statements when:

- the contractual rights on the cash flows arising from the receivable have expired; or
- the ownership of the contractual rights to cash flows from the receivable is transferred, and with it all related risks are substantially transferred.
- 

In the evaluation of the transfer of the risks account is taken of all the contractual clauses, such as repurchase commitments on the occurrence of certain events or the existence of allowances and penalties due to non-payment.

Where the receivable is eliminated from the financial statements following a sales operation which results in the substantial transfer of all the risks, the difference between the payment received and the carrying amount of the receivable on disposal is recognized to the income statement account line B14, except where the contract permits the identification of other accounts of a differing nature, including financial.

Where the sales contract of the receivable does not result in the substantial transfer of all the risks (e.g. with recourse contracts), the receivable is maintained in the financial statements. In the event of an advance paid by the transferee, a financial payable is recorded against the advance received. Cost items, such as interest and commissions, to be paid to the transferee are recorded in the income statement based on the nature of the costs.

Where, also in relation to a sales contract which may transfer substantially all the risks related to the receivable, some minimal risks remain within the company, an assessment is made on whether to record a specific risk provision.

### Cash and cash equivalents

This account concerns bank and postal deposits and cheques, in addition to cash on hand and similar at year-end.

Bank and postal deposits and cheques are recognized at estimated realisable value, with cash on hand and similar valued at nominal value; cash in foreign currency is valued at the year-end exchange rate.

### Accruals and deferrals

These accounts include amounts that relate to two or more periods, recorded in accordance with the accruals concept. On the basis of this criterion, an accrual or deferral is recognized where the following conditions are met:

- the contract begins in a given year and concludes in the subsequent year;
- the payment for services is contractually due in advance or deferred against services provided in two or more consecutive years;
- the amount of the accrual and deferral varies with the passing of time.

Accruals and deferrals of income and charges which have matured entirely within the year are not recorded.

At each year-end, the conditions resulting in initial recognition of the accrual or deferral are assessed and, if necessary, value adjustments are made. This measurement takes account not only of the passage of time but also of any recoverability of the amount recognized to the financial statements.

### Treasury shares

Treasury shares are recorded at their purchase cost in a negative equity reserve on acquisition of the shares.

### Provisions for risks and charges

Provisions for risks and charges are recorded against liabilities of a certain nature and existence, estimated for the amount and date of payment, related to obligations already assumed at the reporting date, but which will be settled in future years.

These provisions are quantified on the basis of estimates which take into consideration all available elements, in compliance with the accruals and prudence concepts. These elements include also the time period where at the reporting date a certain obligation exists on the basis of a contractual or legal constraint, whose payment may be reliably estimated and the reasonably calculable due date is sufficiently in the future so as to significantly change the present value of the obligation at the reporting date of the amount estimated on payment.

No provision has been made for matters without any economic justification.

The potential liabilities, where existing, are recorded in the financial statements when they are considered probable and the amount can be estimated reliably. Account is therefore not taken of remote risks, while in the case that potential liabilities are considered possible, but not probable, information is disclosed in the accompanying notes upon the situation of uncertainty, if significant, which may result in a loss, on the estimated amount or indication that such may not be measured, other possible effects where not evident, and indication of the opinion of company management and of its legal consultants and other experts, where available.

In relation to their classification, provisions for risks and charges are firstly recognized to the pertinent income statement classes (B, C or D) according to the account nature. Where this connection between the nature of the provision and one of the accounts within the above classes may not be made, the risks and charges provisions are recognized to account lines B12 and B13 of the income statement.

### **Post-employment benefits**

The employee severance indemnity provision covers the entire liability matured to employees in compliance with legislation in force and collective employment agreements. This liability is revalued pursuant to Article 2120 of the Civil Code.

The post-employment benefits recorded in the financial statements derive from the total individual indemnities matured by employees including revaluations, net of advances paid, and taking into account the reform introduced by Law No. 296 of December 27, 2006 (2007 Finance Law) in relation to the allocation of the benefits (to the INPS treasury fund or other chosen bodies).

As a result of this reform, the Post-Employment Benefits matured until December 31, 2006 remain within the company and contribute to the benefits recognized in the financial statements.

From January 1, 2017, the post-employment benefits matured in the year are recognized to the income statement and reflected, for the amount yet to be paid to the INPS Treasury Fund or to other provisions, to current payables at account line D14.

## Payables

Payables originating from the acquisition of goods are recorded in the Balance Sheet when the risks, charges and significant benefits related to ownership have been substantially transferred. Payables for services are recorded when the services have been provided, or rather when the service has been undertaken.

Financial payables arising from financing operations and those other than from the acquisition of goods and services are recorded when the entity has an obligation to the counterparty based on legal and contractual conditions.

The account “Advances” refers to the advance payments received from customers relating to the supply of goods and services not yet made.

Payables are measured in the financial statements at amortized cost, taking into account the time value of money.

Where the interest rate for the operation is not significantly different from the market rate, the payable is initially recognized at the nominal value net of all transaction costs and premiums and the discounts and rebates directly associated with the transaction generating the payable. These transaction costs, such as accessory expenses for obtaining financing, any commission income and expense, and any difference between the initial value and the nominal value at maturity are allocated over the life of the debt using the effective interest method.

However, when the interest rate on the transaction based on contract terms and conditions is significantly different from the market rate, the payable (and corresponding cost in the case of a trade payable) is initially recognized as the present value of the future cash flows, while taking account of any transaction costs. The rate used to discount future cash flows is the market rate.

In the case of payables arising from commercial transactions, the difference between the initial recognition value of the payable so determined and the forward amount is recognized to the income statement as a financial charge over the duration of the payable utilising the effective interest rate criterion. In the case of financial payables, the difference between the cash amount issued and the present value of the future cash flows, utilising the market interest rate, is recorded under income or financial charges in the income statement on initial recognition, except where the substance of the operation or of the contract indicate a different approach for this item. Interest expense accruing on the transaction is then calculated at the effective interest rate and recognized as both a cost and the corresponding payable.

The payable is then reduced as both the principal and interest are paid.

The effects deriving from the application of the amortized cost and of the discounting are not expected to be significant for the Company when the payables are due within 12 months, taking account also of all contractual and substantial considerations on the recognition of the payable, and when the settlement costs and any difference between the initial value and the nominal value on maturity are insignificant. In this case, discounting is omitted and interest is calculated

at nominal value and settlement costs amortized on a straight-line basis over the duration of the payable and adjusted by nominal interest charges.

### **Payables to group companies**

Account lines D9, D10 and D11 include respectively payables to subsidiaries, associates and parent companies, as per Article 2359 of the Civil Code. These payables are shown separately on the balance sheet.

Item D11 also includes payables to parent companies that control the company through intermediate subsidiaries.

Payables to joint ventures (or “sister” enterprises), i.e. other than to subsidiaries, associates, or parent companies, are recognized under item D11-bis.

### **Revenue recognition**

Revenues for services are recognized when the services are completed (performance obligations) or, for those subject to contracts with periodic payments, on the maturation of the relative payments.

“Other revenues and income” include all non-financial income deriving only from accessory activities.

Revenues of a financial nature are recognized on an accrual basis.

The revenues and income, costs and charges related to transactions in foreign currencies are recorded at the exchange rate when the transaction took place.

### **Costs**

Purchase costs are recognized on the accruals principle. Raw materials, ancillary, consumables and goods include accessory acquisition costs (transport, insurance, loading and unloading, etc.) where the supplier has included such in the purchase price, otherwise they are recorded separately under service costs based on their nature.

Costs include not only those of a certain amount, but also those not yet documented for which transfer of ownership has already taken place or the service has already been received.

### **Dividends**

Dividends from subsidiary and affiliate companies are recorded in the year in which they are approved.

## Income taxes

Income taxes accruing in the year are recognized according to an estimate of the assessable income, in compliance with statutory rules and the applicable rates, taking account of any exemptions. Tax receivables and payables are offset only if there is a legal right of offset of the amounts recorded based on tax law and there is the intention to settle the tax payables and receivables on a net basis through a single payment.

For the recognition of income taxes accrued, an analysis is also made of the temporary differences between the book value of assets and of liabilities and the corresponding amounts recognized for tax purposes and/or among the income items recognized to the Income Statement and those assessable or deductible in future years, according to OIC 25.

In the event of temporary differences in taxation, deferred tax liabilities are recognized except in the cases specified by OIC 25. In the event of temporary differences in deductibles, deferred tax assets are recognized only if there is reasonable certainty that they will be recovered in the future. In the event of tax losses, deferred tax assets are measured and recognized in relation to the future tax benefit they will generate and within the limits of expected future taxable income over a reasonable period of time.

Deferred tax assets and liabilities are calculated on the cumulative total of all temporary differences for the year and applying the tax rates which will be in force in the year in which the temporary differences reverse, based on current fiscal regulations at the reporting date. The rates utilised for the calculation of deferred taxes, which reflect the expected rates, are 24.00% for IRES and 3.90% for IRAP.

Deferred tax assets and deferred tax liabilities are not discounted.

Since 2005, the company Stevanato Group S.p.a. as consolidating company and the companies Nuova Ompi S.r.l. e S.P.A.M.I. S.r.l. as consolidated companies have applied the Italian consolidated tax regime. This means that the IRES (Corporation Tax) charge is calculated on a tax base representing the aggregate of the taxable income and tax losses of the individual participating companies.

The option has been confirmed in 2019 but jointly with the parent company Stevanato Holding S.r.l., which is now the tax consolidating entity. Therefore, Stevanato Group S.p.A. participates as a consolidated entity.

Transactions plus reciprocal responsibilities and obligations between the consolidating company and the subsidiaries are defined by a specific consolidation agreement for the Group companies, signed by the participating companies.

## Translation of foreign currency balances

In accordance with Article 2426, paragraph 1, No. 8-bis of the Civil Code, cash assets and liabilities in currencies other than the functional currency ("reporting currency"), subsequent to initial recognition, are recorded at the exchange rate at the reporting date. The consequent exchange gains or losses are recognized to account C17-bis) "Exchange gains and

losses” in the income statement and any net gain, contributing to the net result, is provisioned to a specific non-distributable reserve until realisation.

Non-cash assets and liabilities in currencies other than the reporting currency are recognized at the exchange rate applicable on acquisition. Where the exchange rate applicable at year-end significantly differs from that at the acquisition date, the altered exchange rate is one of the elements taken into consideration in assessing the carrying amount of the individual non-cash assets. In this case any exchange differences (positive or negative) are considered in calculating the recoverable value.

Significant unexpected fluctuations in the exchanges rates against the foreign currencies to which the company is exposed most subsequent to year-end which are not hedged are not recognized to the financial statements as accruing to the subsequent year. However, they are illustrated in the “subsequent events” section of these Accompanying notes.

Any net gains resulting from the translation of the receivables and payables in foreign currencies at the reporting date are recorded, with Shareholders’ Meeting motion on the allocation of the result for the year, in a separate non-distributable reserve until their realisation. When, subsequent to the year-end, the exchange rates incur a significant change compared to those recorded at the reporting date, this information is disclosed in the Accompanying notes.

#### **Guarantees, commitments and contingent liabilities**

Commitments, not recorded in the balance sheet, represent obligations assumed by the company with third parties deriving from legal obligations with certain obligations but not yet carried out by either party. Commitments include those whose execution and relative amount are certain (e.g. forward sales and purchase contracts) and those whose execution is certain but the relative amount is not certain (e.g. contracts with price revision clauses). Commitments are reported at the nominal value deriving from the relative documentation.

Guarantees provided by the company include personal guarantees.

#### **Assets**

#### **B) Fixed assets**

##### **I. Intangible assets**

<b>December 31, 2020</b>	<b>December 31, 2021</b>	<b>Variance</b>
4,214,792	28,856,930	24,642,138

The following table shows changes in intangible assets (Ref. Article 2427, first paragraph, No. 2, Civil Code)

	<b>Start-up and expansion costs</b>	<b>Industrial patents &amp; intellectual property rights</b>	<b>Concessions, licences and trademarks</b>	<b>Assets under construction and payments on account</b>	<b>Other intangible assets</b>	<b>Total</b>
Opening balance						
Cost at 01/01/2021		9,728,925	5,322,933	233,977	670,523	15,956,358
Acc. Amort. at 01/01/2021		(6,305,346)	(4,829,161)		(607,059)	(11,741,566)
<b>Carrying amount at 01/01/2021</b>		<b>3,423,579</b>	<b>493,772</b>	<b>233,977</b>	<b>63,464</b>	<b>4,214,792</b>
Changes in the year						
Increases for acquisitions	27,961,742	758,528		3,337,233	29,071	32,086,574
Reclassifications		163,177		(163,177)		
Amortization for the year	(5,592,348)	(1,478,101)	(323,188)		(50,799)	(7,444,436)
<b>Total changes</b>	<b>22,369,394</b>	<b>(556,396)</b>	<b>(323,188)</b>	<b>3,174,056</b>	<b>(21,728)</b>	<b>24,642,138</b>
Closing balance						
Cost at December 31, 2021	27,961,742	10,650,630	5,322,933	3,408,033	699,594	48,042,932
Acc. Amort. at December 31, 2021	(5,592,348)	(7,783,447)	(5,152,349)		(657,858)	(19,186,002)
<b>Carrying amount at December 31, 2021</b>	<b>22,369,394</b>	<b>2,867,183</b>	<b>170,584</b>	<b>3,408,033</b>	<b>41,736</b>	<b>28,856,930</b>

The costs recorded are reasonably correlated to their future use and are amortized on a straight-line basis in relation to their future residual utility.

Start-up and expansion costs were recognized following the public listing on the New York Stock Exchange (NYSE) on July 16, 2021 and refer to costs related to the issue of new shares on the market. These costs mainly include the fees paid to the placement consortium, legal fees, and fees paid to the financial advisory and to the auditing firm for the audits conducted for the purpose of listing on the NYSE.

The increase in "Industrial patents and intellectual property rights" was due to the purchase of new software and to the development and integration of enterprise systems.



“Assets in progress and advances” mainly concern an ongoing project to update and implement the IT system, which is to be completed in subsequent years.

The increase in “Other intangible assets” refers to the costs incurred to develop the CRM platform.

## II. Property, plant & equipment

December 31, 2020	December 31, 2021	Variance
24,502,135	46,898,147	22,396,012

The table below highlights the components that resulted in the net carrying amount shown on the Balance Sheet (see Article 2427, paragraph 1, point 2, of the Civil Code).

	Land & buildings	Plant & machinery	Equipment	Other tangible assets	Assets under construction and payments on account	TOTAL
Opening balance						
Cost at 01/01/2021	23,142,700	1,196,564	210,640	2,205,285	3,030,105	29,785,294
Revaluations at 01/01/2021	3,500,000					3,500,000
Acc. Deprec. at 01/01/2021	(5,960,074 )	(1,177,854 )	(79,549 )	(1,565,682 )		(8,783,159 )
Write-downs at 01/01/2021						
<b>Carrying amount at 01/01/2021</b>	<b>20,682,626</b>	<b>18,710</b>	<b>131,091</b>	<b>639,603</b>	<b>3,030,105</b>	<b>24,502,135</b>
Changes in the year						
Increases for acquisitions	1,452,993			275,244	5,716,187	7,444,424
Reclassifications	2,955,650			13,443	(2,969,093 )	
Depreciation for year	(1,465,700 )	(17,085 )	(27,414 )	(224,440 )		(1,734,639 )
Other changes – historical cost	28,879,049					28,879,049
Other changes - acc. deprec.	(12,192,822 )					(12,192,822 )

<b>Total changes</b>	<b>19,629,170</b>	<b>(17,085)</b>	<b>(27,414)</b>	<b>64,247</b>	<b>2,747,094</b>	<b>22,396,012</b>
Closing balance						
Cost at December 31, 2021	59,930,392	1,196,564	210,640	2,493,972	5,777,199	69,608,767
Acc. Deprec. at December 31, 2021	(19,618,596)	(1,194,939)	(106,963)	(1,790,122)		(22,710,620)
<b>Carrying amount at December 31, 2021</b>	<b>40,311,796</b>	<b>1,625</b>	<b>103,677</b>	<b>703,850</b>	<b>5,777,199</b>	<b>46,898,147</b>

The increase in buildings concerns the following operations:

- completion of restructuring work on the property in Piombino Dese acquired in 2017. This building concerns production facilities and offices and is being used by the subsidiary S.P.A.M.I. S.r.l. Total works cost Euro 3,400,000, of which Euro 1,020,000 incurred in 2021.
- partial proportionally spin-off of the buildings in Piombino Dese. This operation, as fully described the last fiscal year accompanying notes in relation to the "significant events during the year", has completed by Stevanato Group as beneficiary together with Nuova Ompi, and the legal, fiscal and accounting effects began on January 1, 2021. On accounting side, in addition to the recording of the net book value updated to December 31, 2021 of the split assets (shown in the "other changes"), resulted in an increase in shareholders' equity of Euro 12,718,601, corresponding to the updated net book value as of April 30, 2020 of the demerged assets. As defined by demerger deed, the net carrying amount was not adjusted by the differences between the net carrying amounts of the assets and liabilities included in the capital transferred as a result of the spin-off due to company dynamics arising between April 30, 2020, and the effective date of the spin-off. These differences, in the amount of Euro 707,775, were settled by way of a cash payment to the beneficiary company.

The significant increase in assets in progress and advances is attributable to the start of construction for a new building to be used for corporate offices and production, which is expected to be completed in 2022.

The Company does not have any finance leases.

#### Revaluation as per Legislative Decree 185/2008

In accordance with Article 15, paragraphs 16 to 23, of Law Decree No. 185 of November 29, 2008 (converted into Law 2/2009), properties owned by the company were revalued during the year ended December 31, 2008.

As expressly permitted by law, this step-up concerned all buildings on the financial statements both at December 31, 2007, and during the current year.

This step-up took effect for tax purposes with fiscal recognition of the greater values recorded by way of payment of the substitute tax.

These include:

	<b>Legal revaluations</b>	<b>Total revaluations</b>
Land & buildings	3,500,000	3,500,000

### III. Financial assets

<b>December 31, 2020</b>	<b>December 31, 2021</b>	<b>Variance</b>
354,988,560	345,374,970	(9,613,590)

For a description of the details provided in the table above, see the following paragraphs.

#### Equity investments

	<b>Value at December 31, 2020</b>	<b>Increase</b>	<b>Decrease</b>	<b>Value at December 31, 2021</b>
Subsidiaries	225,895,152			225,895,152
Other companies	6,005	50,000		56,005
<b>Total</b>	<b>225,901,157</b>	<b>50,000</b>		<b>225,951,157</b>

The following information is provided in relation to investments held directly in subsidiaries and associated companies (Article 2427, first paragraph, No. 5 of the Civil Code).

	<b>Register ed Office</b>	<b>Share capital</b>	<b>Net Equity</b>	<b>Profit/lo ss</b>	<b>% held</b>	<b>NE share</b>	<b>Investmen t value</b>	<b>Differenc e</b>
Nuova Ompi S.r.l.	Italy	20,000,000	345,938,803	93,664,676	100	345,938,803	36,663,455	309,275,348
S.P.A.M.I. S.r.l.	Italy	5,000,000	56,171,042	17,759,011	100	56,171,042	10,274,906	45,896,136
Stevanato Group International a.s.	Slovakia	19,817,750	132,483,626	13,967,984	100	132,483,626	88,620,133	43,863,493

Ompi N.A. S. de R.L. de C.V	Mexico	18,188,226	73,954,575	11,870,575	30.76	22,748,427	5,100,140	17,648,287
Ompi do Brasil LTDA	Brazil	63,210,893	33,585,819	1,962,182	79	26,532,797	47,672,111	(21,139,314)
Balda Medical GmbH	Germany	37,525,000	6,815,391	(4,650,050)	100	6,815,391	37,525,000	(30,709,609)
Ompi of Japan Co., Ltd.	Japan	73,883	(877,223)	(63,497)	51	(447,384)	39,408	(486,792)

The analyses conducted as part of the impairment testing process to determine the recoverability of the carrying amount of consolidated assets pointed to no impairment loss related to the In-Vitro Diagnostic CGU, which includes Balda Medical. This analysis was confirmed by an independent expert.

Based on the plans defined and the results of testing and given a carrying amount of the equity investment in Balda Medical that is significantly greater than the related equity, the Company did not deem it to be necessary to recognise an impairment loss on the investment.

Investments in other companies increased by Euro 50,000 following the subscription of an investment in a network of companies.

See the Directors' Report for information on the performance and operations of the main shareholdings.

## Receivables

	Non-current receivables subsidiaries	from	Non-current receivables from others	Total
Opening balance	124,460,503		4,626,900	129,087,403
Changes in the year	(5,496,314)		(4,167,276)	(9,663,590)
<b>Closing balance</b>	<b>118,964,189</b>		<b>459,624</b>	<b>119,423,813</b>
Balance due within 12 months	66,600,553		-	66,600,553
Balance due beyond 12 months	52,363,636		459,624	52,823,260
Of which residual duration beyond 5 years				

Receivables from subsidiaries include financial receivables that bear interest at market rates. The decrease is related to the settlement of financing granted in previous years.

The balance at December 31, 2021, includes the following financing:

- Euro 72,681,818 related to financing granted to the subsidiary Balda Medical GmbH;
- DKK 145,500,000 (equivalent to Euro 19,565,919) and Euro 1,000,000 related to financing granted to the subsidiary Innoscan A/S;
- USD 8,600,000 related to financing granted to the subsidiary Balda C. Brewer Inc. (equivalent to Euro 7,593,148);
- JPY 127,500,000 related to a loan granted to the subsidiary Ompi Of Japan Co. Ltd (equivalent to Euro 977,911);
- DKK 127,500,000 (equivalent to Euro 17,145,393) related to a loan granted to the subsidiary SVM Automatik A/S;

Other receivables, in the amount of Euro 459,624, includes Euro 12,925 in security deposits and Euro 446,699 in receivables from senior management.

At December 31, 2020, other receivables included Euro 4,613,925 related to a loan granted to a small number of senior executives and other key employees selected within the scope of a cash-settled incentive plan closed in advance in 2021 with the full payment of these receivables.

At December 31, 2021, receivables from senior management referred to a loan granted to meet fiscal obligations within the scope of an incentive plan related to the granting of treasury shares of Stevanato Group. This loan bears interest at an arm's-length rate.

Financial assets were not recognized at values above fair value.

## C) Current assets

## II. Receivables

December 31, 2020	December 31, 2021	Variance
22,924,363	39,306,352	16,381,989

The balance is broken down according to due date (Article 2427, first paragraph, No.6 of the Civil Code).

	<b>Current trade receivables</b>	<b>Current receivables from subsidiaries</b>	<b>Current receivables from parent companies</b>	<b>Current tax receivables</b>	<b>Current deferred tax assets</b>	<b>Current other receivables</b>	<b>Total</b>
Opening balance	5,617	11,876,587	2,680,502	6,672,982	1,575,995	112,680	22,924,363
Changes in the year	(3,867)	6,277,768	3,368,126	7,003,467	(281,607)	18,102	16,381,989
<b>Closing balance</b>	<b>1,750</b>	<b>18,154,355</b>	<b>6,048,628</b>	<b>13,676,449</b>	<b>1,294,388</b>	<b>130,782</b>	<b>39,166,982</b>
Balance due within 12 months	1,750	23,344,678	6,048,628	13,676,449	1,177,208	108,592	44,357,305
Balance due beyond 12 months					117,180	22,190	139,370
Of which residual duration beyond 5 years							

The company has opted not to use the amortized-cost approach as, and as discussed above, the effects of this approach are immaterial. Receivables are therefore measured at their estimated realizable value.

Receivables from customers are due within one year.

Receivables from subsidiaries, in the amount of Euro 18,154,355 at December 31, 2021, include Euro 2,360,545 in tax receivables from S.P.A.M.I. S.r.l. within the scope of the Group's VAT scheme and Euro 15,793,810 in receivables for intercompany services provided by Stevanato Group S.p.A. A breakdown of this aggregate is shown below:

	<b>December 31, 2021</b>
Medirio SA	31,737
Balda Medical GmbH	3,801,795
Balda C. Brewer Inc.	1,887,400
Balda Precision Inc.	47,676
Ompi N.A. de R.L. de C.V.	658,919
Ompi of America Inc.	1,259,362
Ompi Pharmac Packing Tech. Co. Ltd - China	1,903,811

Ompi do Brasil LTDA	1,526,790
Innoscan A/S	2,068,142
SVM Automatik A/S	2,608,178
<b>Total</b>	<b>15,793,810</b>

Receivables from parent companies total Euro 6,048,628 and represent taxes receivable from Stevanato Holding S.r.l. within the scope of the tax consolidation agreement.

Tax receivables due within 12 months total Euro 13,676,449 and are related to:

• VAT	Euro	10,932,114
• Income tax advance payments	Euro	2,744,335

The deferred tax assets of Euro 1,294,388 relate to temporary timing differences. For a description of these amounts, reference should be made to the “Deferred tax assets/liabilities” paragraph in these notes.

Other receivables due within 12 months total Euro 130,782 and mainly concern security deposits and advances to suppliers.

The regional breakdown of receivables at December 31, 2020 is reported in the table below (Article 2427, first paragraph, No. 6 of the Civil Code).

	Italy	EU	Non-EU countries	TOTAL
Current trade receivables	1,750			1,750
Current receivables from subsidiaries	7,550,866	8,478,116	7,315,696	23,344,678
Current receivables from parent companies	6,048,628			6,048,628
Current tax receivables	13,676,449			13,676,449
Current deferred tax assets	1,294,388			1,294,388
Current other receivables	130,782			130,782
<b>Total</b>	<b>28,702,863</b>	<b>8,478,116</b>	<b>7,315,696</b>	<b>44,496,675</b>

### III. Financial assets

December 31, 2020	December 31, 2021	Variance
19,366	12,074,060	12,054,694

The balance of Euro 12,074,060 includes Euro 49,283 for the fair value of currency derivative instruments and Euro 12,024,777 for the receivable from Balda Medical GmbH on the positive balance of the correspondence account.

### IV. Cash and cash equivalents

December 31, 2020	December 31, 2021	Variance
4,446,858	321,782,350	317,335,492

	December 31, 2020	December 31, 2021	Variance
Bank and postal deposits	4,441,505	321,776,881	317,335,376
Cash in hand and similar	5,353	5,469	116
<b>Total</b>	<b>4,446,858</b>	<b>321,782,350</b>	<b>317,335,492</b>

The account reflects the balance of cash and cash equivalents at year-end compared with the end of the previous year.

The significant increase in bank and postal deposits is mainly attributable to the public listing of Stevanato Group on the New York Stock Exchange, following which the Company collected proceeds from the IPO for about Euro 380.1 million.

### D) Prepayments and accrued income

December 31, 2020	December 31, 2021	Variance
876,698	3,934,805	3,058,107

They relate to income and charges accounted for on an accrual basis, irrespective of the date of payment or receipt.

The accounting policies adopted in the measurement and translation of foreign currency amounts are described in the first part of the present notes.

There are no accruals and deferrals at December 31, 2021 with a duration of more than five years.



The increase in prepayments and accrued income is mainly attributable to the increase in insurance premiums in connection with the company's new status as publicly listed.

The breakdown of the account is as follows (Article 2427, first paragraph, No.7 of the Civil Code).

	<b>December 31, 2021</b>
Accrued bank interest	4,236
Prepaid maintenance charges	920,317
Prepaid insurance	2,567,807
Prepaid assistance charges	159,167
Prepaid trade shows	91,780
Other prepayments & accrued income	190,398
Prepaid rental	1,100
<b>Total</b>	<b>3,934,805</b>

## Liabilities and Shareholders' Equity

### A) Shareholders' Equity

(Ref. Article 2427, paragraph 1, Nos. 4, 7 and 7-bis of the Civil Code)

<b>December 31, 2020</b>	<b>December 31, 2021</b>	<b>Variance</b>
55,110,548	468,237,870	413,127,322

The following table breaks down the movements in net equity:

	Share capital	Legal reserve	Extraordinary reserve	Non-distributable currency gains reserve	Capital payments	Revaluation reserve	Negative reserve for treasury shares in portfolio	Cash flow hedge reserve	Other reserves	Treasury share disposal reserves	Profit / Loss for the year	Total
<b>Opening balance at 01/01/2020</b>	<b>20,002,000</b>	<b>4,000,400</b>	<b>35,238,680</b>	<b>57,182</b>	<b>2,200,000</b>	<b>3,395,000</b>	<b>(26,189,347)</b>	<b>(2,796,342)</b>	<b>7,975,030</b>	<b>989,047</b>	<b>6,955,398</b>	<b>51,827,048</b>
Changes in the year:												
Allocation of previous year result:												
- to statutory reserve			57,182	(57,182)								
Dividends			(1,944,602)								(6,955,398)	(8,900,000)
Change in fair value derivatives								(549,075)				(549,075)
Other changes									(3)			(3)
Net profit for the year											12,732,578	12,732,578
<b>Closing balance at December 31, 2020</b>	<b>20,002,000</b>	<b>4,000,400</b>	<b>33,351,260</b>	<b>0</b>	<b>2,200,000</b>	<b>3,395,000</b>	<b>(26,189,347)</b>	<b>(3,345,417)</b>	<b>7,975,027</b>	<b>989,047</b>	<b>12,732,578</b>	<b>55,110,548</b>

	Share capital	Legal reserve	Extra-ordinary reserve	Share premium reserve	Capital payments	Revaluation reserve	Negative reserve for treasury shares in portfolio	Cash flow hedge reserve	Other reserves	Treasury share disposal reserves	Profit/Loss for the year	Total
<b>Opening balance at 01/01/2021</b>	<b>20,002,000</b>	<b>4,000,400</b>	<b>33,351,260</b>	<b>0</b>	<b>2,200,000</b>	<b>3,395,000</b>	<b>(26,189,347)</b>	<b>(3,345,417)</b>	<b>7,975,027</b>	<b>989,047</b>	<b>12,732,578</b>	<b>55,110,548</b>
Changes in the year:												
Allocation of previous year result:												
- to statutory reserve			12,732,578								(12,732,578)	
Dividends			11,200,000									(11,200,000)
Share capital increase for the issue of new shares	1,696,480											1,696,480
Increase in share premium reserve following placement of existing shares for public listing				410,562,640								410,562,640
Increase in equity as beneficiary of the spin-off			12,644,988			73,612						12,718,600

Change in fair value derivatives								2,067,994				2,067,994
Changes for purchase and allocation of treasury shares							(7,679,654)			(348,604)		(8,028,258)
Other changes									3			3
Net profit for the year											5,309,863	5,309,863
<b>Closing balance at December 31, 2021</b>	<b>21,698,480</b>	<b>4,000,400</b>	<b>47,528,826</b>	<b>410,562,640</b>	<b>2,200,000</b>	<b>3,468,612</b>	<b>(33,869,001)</b>	<b>(1,277,423)</b>	<b>7,975,030</b>	<b>640,443</b>	<b>5,309,863</b>	<b>468,237,870</b>

The following transactions were carried out during the year:

On March 4, 2021, at the extraordinary shareholders' meeting (minutes notarized by Roberto Agostini – No. 67.722), the following resolutions were passed:

- elimination of the par value of 20,002 (twenty thousand two) shares outstanding;
- issue of an additional 99,980,998 (ninety-nine million nine hundred eighty thousand nine hundred ninety-eight) ordinary shares without par value to be granted free of charge of the shareholders in proportion to their respective shares held, such that the share capital of Euro 20,002,000.00 (twenty million two thousand euro) is divided across 100,010,000 (one hundred million ten thousand) ordinary shares without par value, without changing the amount of share capital;
- an amendment to Article 5 of the by-laws to specify that share capital of Euro 20,002,000.00 (twenty million two thousand euro) is divided among 100,010,000 (one hundred million ten thousand) ordinary shares without par value. The shares are nominative.

On July 1, 2021, the shareholders' meeting resolved:

- a further split of the existing 100,010,00 shares into a total of 272,427,240 shares (at a ratio of 1:2,724);
- an increase in share capital to no more than Euro 2,936,857 by issuing 40,000,000 new ordinary shares to be offered to subscribers within the scope of the IPO;
- the conversion of the shares held by the majority shareholder, Stevanato Holding S.r.l., and of the treasury shares held by the company from ordinary shares to Class A shares.

On July 20, 2021, following completion of the IPO, share capital increased by a nominal Euro 1,644,160 by issuing 22,400,000 ordinary shares. As a result of this capital increase and the sale of 9,600,000 ordinary shares (post-conversion) by Stevanato Holding S.r.l. to the placement consortium, share capital totalled Euro 21,646,160 and was divided among 294,927,240 shares, of which 33,084,725 ordinary shares and 261,742,515 Class A shares.

On August 18, 2021, after the placement consortium exercised the “over-allocation” option, share capital was increased by a nominal Euro 52,320 by issuing an additional 712,796 ordinary shares. As a result of this capital increase and the sale of 9,600,000 ordinary shares (post-conversion) by Stevanato Holding S.r.l. to the placement consortium, share capital totalled Euro 21,698,480 and was divided among 295,540,036 shares, of which 34,103,005 ordinary shares and 261,437,031 Class A shares.

The share capital therefore increased Euro 1,696,480 and is comprised as follows (Article 2427, first paragraph, No. 17 and 18 of the Civil Code).

Number of Ordinary Shares	Number of Class A shares	Total Shares
34,103,005	261,437,031	295,540,036

The nominal value of each share is Euro 0.0743

The change in reserves is due to:

- Allocation of 2020 profit of Euro 12,723,578 to the extraordinary reserve;
- Increase of Euro 12,644,988 in the extraordinary reserve and of Euro 73,612 in the revaluation reserve following the property spin-off;
- Use of the extraordinary reserve to distribute dividends of Euro 11,200,000;
- Increase in share capital of Euro 1,696,480 by issuing 23,112,796 ordinary shares.
- Recognition of the share premium of Euro 410,562,640 following the public listing of the company;
- Adjustment of Euro 2,067,994 to the cash flow hedge reserve for the change in fair value of derivatives during the year net of the effect of deferred taxes;
- Adjustment of Euro 7,679,654 to the negative reserve for ordinary shares in portfolio and of Euro 348,604 to the reserve for disposal of treasury shares. These changes are the result of the purchase and allocation of treasury shares in application of the changes in incentive plans during the year of a small group of senior executives of the company;
- Adjustment of Euro 348,604 to the reserve for the disposal of treasury shares.

### Negative reserve for acquisition of treasury shares

At December 31, 2021, the company held 30,840,555 treasury shares.

In accordance with the provisions of law this shareholding is within the limit set by Articles 2357 and 2357 *bis* of the Civil Code.

### Cash flow hedge reserve

The movements in the cash flow hedge reserve (Article 2427 *bis*, paragraph 1, No. 1 b) *quater*), deriving from the fair value movement in derivative financial instruments (Interest Rate Swap) on loans, are as follows:

	Cash flow hedge reserve
<b>Opening balance</b>	<b>(3,345,417)</b>
Changes in the year:	
Decreases due to fair value changes	2,721,044
Deferred tax effect	(653,051)
<b>Closing balance</b>	<b>(1,277,423)</b>

The Shareholders' Equity accounts are divided by origin, the possibility of utilisation, distribution and any utilisation in the previous three years (Article 2427, first paragraph, No. 7 *bis* of the Civil Code)

### Availability and utilization of shareholders' equity

	Amount	Possibility of utilization	Quota available	Summary of utilisations made in the three previous years to cover losses	Summary of utilisations made in the three previous years for other reasons
I. Share capital	21,698,480	B			
II. Share premium reserve	410,562,640	A, B, C	410,562,640		

III. Revaluation reserve	3,468,612	A, B, C	3,468,612		
IV. Legal reserve	4,000,400	B	4,000,400		
VI. Other reserves	58,344,299	A, B, C	58,344,299		15,070,000
VII. Cash flow hedge reserve	(1,277,423)				
X. Reserve for treasury shares in portfolio	(33,869,001)				
<b>Total</b>	<b>462,928,007</b>		<b>476,375,951</b>		
Non-distributable amount			5,724,522		
Residual distributable amount			470,651,429		

*Key: A: for share capital increase, B: for coverage of losses and C: for distribution to shareholders;*

The non-distributable portion of reserves breaks down as follows:

- Euro 4,000,400 for the Legal Reserve;
- Euro 446,699 for the financing granted to certain senior executives to pay tax expenses related to the free assignment of treasury shares within the scope of the new 2021-2027 Stock Grant Plan (pursuant to Article 2358 of the Civil Code);
- Euro 1,277,423 for the Cash flow hedge reserve.

The utilizations in the previous three years for other reasons refers to the distribution of dividends.

In accordance with accounting standard No. 28 relating to Shareholders' Equity, the following additional information is provided:

### Composition of the Revaluation Reserve

In conjunction with recognition of the greater value of plant and other assets following revaluations as per Legislative Decree 185/2008, an equity reserve was established net of the substitute tax of 3% paid for the fiscal recognition of these increased values. Because the revaluation is relevant for tax purposes, the reserve is a tax-suspension reserve and, given that the company has chosen not to pay the substitute tax to release the reserve, will be taxed both for shareholders and for the company in the event of its distribution.

### Reserves incorporated in the share capital

Share capital includes the following reserves which, if distributed, will be considered taxable income for the shareholders:

<b>Composition</b>	
Profit reserves incorporated in the share capital	2,212,304

This incorporation was done following the increase in capital approved by the shareholders in the extraordinary meeting held on November 22, 2006.

## B) Provisions for risks and charges

The composition and the movement of the individual accounts is presented in the following tables (Ref. Article 2427, first paragraph, No. 4 of the Civil Code)

<b>December 31, 2020</b>	<b>December 31, 2021</b>	<b>Variance</b>
5,629,666	5,518,737	(110,929)

	<b>December 31, 2020</b>	<b>December 31, 2021</b>	<b>Variance</b>
Pension and similar	1,135,951	2,741,922	1,605,971
Taxation, including deferred taxes	76,314	195,996	119,682
Derivative financial instruments – Liabilities	4,417,401	1,680,819	(2,736,582)
Others		900,000	900,000
<b>Total</b>	<b>5,629,666</b>	<b>5,518,737</b>	<b>(110,929)</b>

The changes in the year were as follows:

	<b>December 31, 2020</b>	<b>Accruals</b>	<b>Utilizations</b>	<b>December 31, 2021</b>
Pension and similar	1,135,951	1,738,488	(132,517)	2,741,922
Taxation, including deferred taxes	76,314	119,682		195,996
Derivative financial instruments – Liabilities	4,417,401		(2,736,582)	1,680,819
Others		900,000		900,000



<b>Total</b>	<b>5,629,666</b>	<b>2,758,170</b>	<b>(2,869,099)</b>	<b>5,518,737</b>
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The increase in the provision for pension and similar obligations concerns the allocation for long-term employee incentives.

Tax provisions include Deferred tax liabilities of Euro 195,996 thousand concerning temporary assessable differences. For a description of these amounts, reference should be made to the paragraph “Deferred tax assets/liabilities” of the present notes.

The decrease in “Derivative financial instruments - Liability” is mainly due to the adjustment in the fair value of the interest rate swaps at December 31, 2021, which were used to hedge interest rate risk on outstanding financing.

“Other provisions” include an allocation for taxes related to previous years. This allocation concerns a potential liability of an estimated Euro 900,000, including penalties and interest, for the voluntary corrective settlement of issues arising during an audit by the Italian Tax Agency regarding fiscal year 2016.

### C) Post-employment benefits provision

(Ref. Article 2427, first paragraph, No. 4 of the Civil Code)

	<b>December 31, 2020</b>	<b>Provisions</b>	<b>Utilizations</b>	<b>December 31, 2021</b>
Severance	2,455,698	855,194	(660,084)	2,650,808

This provision represents the effective liability towards employees under applicable law and contracts, considering all continual remuneration.

It corresponds to the total indemnities accrued in favour of employees at December 31, 2006, net of advances paid, and is equal to the amount payable to staff in the event of the termination of the employment contract as at this date.

The provision does not include indemnities matured from January 1, 2007, allocated to supplementary pensions as per Legislative Decree No. 252 of December 5, 2005 (or transferred to the INPS treasury fund).

## D) Payables

The composition of payables, the changes in the individual items, and the breakdown by maturity are presented in the tables below (Ref. Article 2427, first paragraph, No. 4 of the Civil Code).

December 31, 2020	December 31, 2021	Variance
348,196,645	321,427,700	(26,768,945)

The payables are valued at amortized cost and they fall due for payment as follows (Article 2427, first paragraph, No. 6 of the Civil Code).

	Within 12 months	Beyond 12 months	Of which over 5 years	Total payables
Bonds	(60,884)	49,681,361	49,934,411	49,620,477
Bank loans	35,760,294	131,729,521		167,489,815
Advances to suppliers	2,280,000			2,280,000
Trade payables	12,607,250			12,607,250
Subsidiaries	82,438,321			82,438,321
Tax payables	744,428			744,428
Social security payables	699,303			699,303
Other payables	5,548,106			5,548,106
<b>Total</b>	<b>140,016,818</b>	<b>181,410,882</b>	<b>49,934,411</b>	<b>321,427,700</b>

In 2020, a private shelf facility was signed with PGIM, Inc., of a total of USD 125 million, with an initial issue of a non-convertible bond of Euro 50 million, to be redeemed in two equal tranches in 2027 and 2028. The private placement is currently being backed by Nuova Ompi S.r.l. at conditions typical of such an instrument and in line with existing financing agreements.

A breakdown of bonds is provided below:

	Within 1 year	From one to five years	Over 5 years	December 31, 2021
Private Placement	0		50,000,000	50,000,000

Amortized cost	(60,884)	(253,050)	(65,589)	(379,523)
<b>Total</b>	<b>(60,884)</b>	<b>(253,050)</b>	<b>49,934,411</b>	<b>49,620,477</b>

Bank payables at December 31, 2021 amount to Euro 167,489,815 and the breakdown is as follows:

	<b>Within 1 year</b>	<b>From one to five years</b>	<b>Over 5 years</b>	<b>December 31, 2021</b>
L/T loans, current portion	35,918,181			35,918,181
Amortized cost, current portion	(157,887)			(157,887)
<b>Total short-term payables</b>	<b>35,760,294</b>			<b>35,760,294</b>
Long-term loans		131,945,455		131,945,455
Amortized cost, non-current portion		(215,934)		(215,934)
<b>Total long-term payables</b>		<b>131,729,521</b>		<b>131,729,521</b>
<b>Total bank loans</b>	<b>35,760,294</b>	<b>131,729,521</b>		<b>167,489,815</b>

In 2021, no new financing agreements were signed with financial institutions.

The significant decrease in bank borrowings is due, in addition to ordinary repayments, also the early repayment of variable-rate loans for a total of Euro 57,611,060.

Bank payables are recognized according to the amortized cost criterion; the transaction costs were included in the calculation of the amortized cost utilising the effective interest method.

The loans require compliance with financial covenants on the Group consolidated financial statements, according to the following ratios: Net Financial Debt and EBITDA, Net Financial Debt and Shareholders' Equity, EBITDA and Financial Charges. The financial commitments and covenants which may require the advance repayment of loans had been complied with to December 31, 2021.

The advances concern an agreement signed during the year with a pharmaceutical customer, which calls for the expansion of production capacity for this customer by the Group from 2021 onward.

"Trade payables" are recorded net of commercial discounts; cash discounts are recorded on payment. The nominal value of these payables was adjusted, on recognition of returns or premiums (adjustment to invoicing), to the amount agreed with the counterparty.

Payables to subsidiaries totalled Euro 82,438,321 and break down as follows:

Company	Description	December 31, 2020	December 31, 2021	Variance
Nuova Ompi S.r.l.	Trade payables	57,828	109,223	51,395
Nuova Ompi S.r.l.	IRAP reimbursement payable	1,145,948		(1,145,948)
Nuova Ompi S.r.l.	IRES/VAT tax payables	10,499,400	12,221,489	1,722,089
Nuova Ompi S.r.l.	Correspondence current account payable		26,122,596	26,122,596
Spami S.r.l.	Trade payables		149,814	149,814
Spami S.r.l.	IRAP reimbursement payable	116,930		(116,930)
Spami S.r.l.	IRES tax payables	252,000		(252,000)
Spami S.r.l.	Correspondence current account payable		18,017,468	18,017,468
Stevanato Group International a.s.	Trade payables		31,206	31,206
Stevanato Group International a.s.	Correspondence current account payable		11,748,431	11,748,431
Medical Glass a.s.	Trade payables		28,347	28,347
Medical Glass a.s.	Correspondence current account payable		5,032,773	5,032,773
Ompi N.A.	Trade payables		24,185	24,185
Ompi N.A.	Correspondence current account payable		8,627,083	8,627,083
Ompi of America Inc.	Trade payables		293,013	293,013
Balda C. Brewer Inc.	Trade payables	23,455	25,412	1,957
Ompi Of Japan Ltd	Trade payables	6,486	7,282	796
<b>Total</b>		<b>12,102,047</b>	<b>82,438,322</b>	<b>70,336,275</b>

The account "Tax payables" includes only definite tax liabilities, as the liabilities for probable income taxes or where the amount or the date of payment is uncertain, in relation to deferred tax liabilities, are recorded in the account line B2 under liabilities (Deferred tax liabilities). A breakdown of this aggregate is shown below:

	<b>December 31, 2020</b>	<b>December 31, 2021</b>	<b>Variance</b>
IRPEF contributions	540,472	712,733	172,261
Withholding taxes consultants	14,860	15,078	218
Payable - post-employment benefits		16,617	16,617
<b>Total</b>	<b>555,332</b>	<b>744,428</b>	<b>189,096</b>

Social security payables total Euro 699,303 and may be broken down as follows:

	<b>December 31, 2020</b>	<b>December 31, 2021</b>	<b>Variance</b>
INPS	417,372	436,994	19,622
INAIL	1,009	3,434	2,425
Supplementary pension fund	116,893	146,285	29,392
Other institutions	92,678	112,590	19,912
<b>Total</b>	<b>627,952</b>	<b>699,303</b>	<b>71,351</b>

Other payables mainly include amounts payable to employees for wages and salaries, paid holidays and leave, and amounts for the period related to fourteenth-month salaries, as broken down below:

	<b>December 31, 2020</b>	<b>December 31, 2021</b>	<b>Variance</b>
Employee payables	4,846,736	5,313,911	467,175
Other payables	65,689	234,195	168,506
<b>Total</b>	<b>4,912,425</b>	<b>5,548,106</b>	<b>635,681</b>

The regional breakdown of payables at December 31, 2021 is reported in the table below (Article 2427, first paragraph, No. 6 of the Civil Code).

	<b>Italy</b>	<b>EU</b>	<b>Non-EU countries</b>	<b>Total</b>
Bonds			49,620,477	49,620,477
Bank loans	167,489,815			167,489,815
Advances from customers			2,280,000	2,280,000

Trade payables	11,093,219	371,530	1,142,501	12,607,250
Payables represented by negotiable instruments				
Subsidiaries	56,913,602	16,840,755	8,683,964	82,438,321
Tax payables	744,428			744,428
Social security payables	699,303			699,303
Other payables	5,548,106			5,548,106
<b>Total</b>	<b>242,488,473</b>	<b>17,212,285</b>	<b>61,726,942</b>	<b>321,427,700</b>

### E) Accrued liabilities and deferred income

The account relates to costs and revenues recorded in accordance with the accruals principle.

The criteria adopted for the measurement and translation of amounts recorded in foreign currencies are described in the first part of the present notes.

There are no accruals and deferrals at December 31, 2021 with a duration of more than five years.

The breakdown of the account is as follows (Article 2427, first paragraph, No.7 of the Civil Code).

	December 31, 2020	December 31, 2021	Variance
Other accrued liabilities	2,140	1,933	(207)
Accrual on bank interest payable	578,075	390,566	(187,509)
<b>Total</b>	<b>580,215</b>	<b>392,499</b>	<b>(187,716)</b>

### Guarantees, commitments and contingent liabilities

Pursuant to the provisions of Article 2427, first paragraph, No. 9) of the Civil Code we disclose the following information in relation to commitments, guarantees and contingent liabilities:

Description	December 31, 2021
Guarantees on behalf of subsidiaries	54,938,313
Sureties in favour of insurance and credit institutions	870,528
Sureties in favour of the Municipality of Piombino Dese	525,264

Sureties In favour of subsidiary companies	7,804,235
Sureties on lease contracts	5,000

The main commitments assumed by the Company concern guarantees on behalf of subsidiaries, and specifically:

- *Suretyship* in favour of Nordea Bank for Euro 17,481,577 in guarantee of short-term loans and the issue of sureties in favour of the company SVM Automatik A/S, with registered office in Denmark;
- *Suretyship* in favour of Nordea Bank for Euro 9,413,238 in guarantee of short-term loans and sureties in favour of the company Innoscan A/S, with registered office in Denmark;
- *Letter of Comfort* in favour of Unicredit AG for Euro 15,000,000 to guarantee short-term loans and the issue of sureties on behalf of the company Balda Medical GmbH with registered office in Germany.
- *Payment obligations* towards the tax administration for Euro 7,154,528 as guarantee for VAT refund requests;
- *Parent Company guarantee* of Euro 5,544,646 in favour of a customer of SVM Automatik A/S to guarantee the proper execution of a specific order in progress.

## Income Statement

Before analysing the specific accounts, we highlight that the general cost and revenue performance is commented upon in accordance with Article 2428, paragraph 1 of the Civil Code in the Directors' Report. Furthermore, the analysis of the positive and negative items in the Income Statement and the previous comments on the Balance Sheet items enable consideration only of those accounts reported below.

## A) Value of production

The following table highlights the balances that make up the item in question for the year ended December 31, 2021 compared with the previous year:

	For the years ended		Variance
	December 31, 2020	December 31, 2021	
1) Revenues from sales and services	26,124,055	36,978,371	10,854,316
5) Other revenue and income	2,476,676	2,072,106	(404,570)
<b>Total</b>	<b>28,600,731</b>	<b>39,050,477</b>	<b>10,449,746</b>

Revenues from sales and services mainly include revenues on the billing of management fees to the companies of the Group for intercompany services provided by Stevanato Group S.p.A. to the subsidiaries.

#### Revenues by segment

In accordance with point 10) of Article 2427, the breakdown of revenues from sales and services by category is provided below (Ref. Article 2427, first paragraph, No. 10 of the Civil Code).

Revenues from sales and services, in the amount of Euro 36,978,371, mainly concern the billing of services provided by the parent company to the subsidiaries.

#### Revenues by region

(Ref. Article 2427, first paragraph, No. 10 of the Civil Code)

	For the years ended		Variance
	December 31, 2020	December 31, 2021	
Italy	16,427,292	22,098,698	5,671,406
European Union	5,150,738	7,285,001	2,134,263
Non-EU countries	7,022,701	9,666,778	2,644,077
<b>Total</b>	<b>28,600,731</b>	<b>39,050,477</b>	<b>10,449,746</b>



### Other revenues and income:

	For the years ended		
	December 31, 2020	December 31, 2021	Variance
Income from accessory activities	1,349,088	2,012,888	663,800
Other revenues	1,127,588	59,218	(1,068,370)
<b>Total</b>	<b>2,476,676</b>	<b>2,072,106</b>	<b>(404,570)</b>

Income from accessory activities mainly concern lease payments on buildings used by the subsidiaries Nuova Ompi S.r.l. and S.P.A.M.I. S.r.l.

### B) Costs of production

The following table highlights the balances that make up the item in question for the year ended December 31, 2021 compared with the previous year:

	For the years ended		
	December 31, 2020	December 31, 2021	Variance
<b>B) COSTS OF PRODUCTION</b>			
.....6) Raw materials, ancillary materials, consumables and goods	356,909	484,560	127,651
.....7) Services	13,366,716	20,226,601	6,859,885
.....8) For utilization of third parties assets	5,512,112	7,160,688	1,648,576
.....9) Personnel			
.....a) Salaries and wages	12,984,846	16,379,151	3,394,305
.....b) Social security charges	2,118,800	2,599,472	480,672
.....c) Post-employment benefits	680,202	855,194	174,992
.....d) Pensions and similar	8,003	17,430	9,427
.....e) Other costs	47,735	43,722	(4,013)
.....10) Amortization, depreciation and write-downs			

.....a) Amortization of intangible assets	1,672,503	7,444,436	5,771,933
.....b) Depreciation of tangible assets	988,455	1,734,639	746,184
.....c) Other fixed asset write-downs			
.....d) Current asset provisions			
.....11) Changes in inventories of raw materials, ancillary materials, consumables and goods			
.....12) Risk provisions			
.....13) Other provisions			
.....14) Other operating expenses	234,495	458,414	223,919
<b>Total costs of production</b>	<b>37,970,776</b>	<b>57,404,307</b>	<b>19,433,531</b>

In 2021, costs increased by Euro 19,433,531 due mainly to the combined effect of an increase in service costs, personnel costs, and amortization, as described in greater detail below.

#### Raw materials, consumables and goods and Service costs

Costs for raw materials, ancillaries, consumables and goods amount to Euro 484,560.

Service costs totalled Euro 20,226,601 and break down as follows:

	<b>For the years ended</b>		
	<b>December 31, 2020</b>	<b>December 31, 2021</b>	<b>Variance</b>
Utility services	29,000	30,342	1,342
Travel costs	241,582	197,538	(44,044)
Maintenance	1,225,661	1,264,658	38,997
Transport	5,938	1,231	(4,707)
Cleaning, surveillance and security	355,134	307,998	(47,136)
Consulting	6,411,477	7,097,773	686,296
Intercompany recharges	-	293,428	293,428
Compensation of Directors'	778,607	1,921,122	1,142,515
Auditor fees	80,000	590,505	510,505
Statutory Auditor fees	62,536	31,027	(31,509)
Bank charges	34,320	36,718	2,398

Insurance	203,880	2,534,536	2,330,656
Telephone and data transmission	1,164,030	1,302,290	138,260
Marketing costs	793,853	1,160,229	366,376
Other costs	1,980,698	3,457,206	1,476,508
<b>Total</b>	<b>13,366,716</b>	<b>20,226,601</b>	<b>6,859,885</b>

These costs are strictly correlated to the comments in the Directors' Report and the description of point A (Value of production) of the Income Statement.

### Personnel costs

The account includes all costs for personnel including increases, promotions, vacation days not taken and provisions in accordance with law and collective contractual agreements.

The increase of Euro 4,055,383 on the previous year is attributable to growth of the workforce and trends in the cost of labour.

### Amortization of intangible assets

The increase in amortization is due mainly to the capitalization of start-up and expansion costs related to the public listing.

### Depreciation of property, plant and equipment

Depreciation has been calculated based on the duration of the useful life of the asset and on its use in production.

### Other operating costs

This aggregate totals Euro 458,414 and breaks down as follows:

	For the years ended		Variance
	December 31, 2020	December 31, 2021	
IMU Tax	81,976	201,194	119,218
Other charges	89,108	93,972	3,864
Taxes and duties	63,411	163,248	99,837
<b>Total</b>	<b>234,495</b>	<b>458,414</b>	<b>223,919</b>

## C) Financial income and charges

The following table highlights the balances that make up the item in question for the year ended 31 December 2021 compared with the previous year:

### Financial income and charges

	For the years ended		
	December 31, 2020	December 31, 2021	Variance
15) Investment income	21,500,000	25,000,000	3,500,000
16 a) Non-current receivables	53,378	22,386	(30,992)
16 d) Other income	2,293,823	1,902,185	(391,638)
17) (Interest and other financial expenses)	(4,620,965)	(4,453,162)	167,803
17 bis) Exchange gains/(losses)	(250,506)	(3,741,965)	(3,491,459)
<b>Total</b>	<b>18,975,730</b>	<b>18,729,444</b>	<b>(246,286)</b>

### Financial income

Investment income concerns the dividends distributed by the subsidiaries Nuova Ompi S.r.l. (Euro 20,000,000) and S.P.A.M.I. S.r.l. (Euro 5,000,000).

Income on non-current receivables concern interest earned on the loan granted to a small number of senior executives within the scope of an incentive plan.

Other income comprises:

	Subsidiaries	Other	Total
From subsidiaries	1,874,435		1,874,435
Others		27,750	27,750
<b>Total</b>	<b>1,874,435</b>	<b>27,750</b>	<b>1,902,185</b>

Other income from subsidiaries concerns the interest earned on financing granted to subsidiaries.

### Interest and other financial expenses

Interest and other financial expenses include the following (Ref. Article 2427, first paragraph, No. 12 of the Civil Code):

	Subsidiaries	Other	Total
IRS fair value difference		1,633,257	1,633,257
Interest on bonds		703,889	703,889
Interest on loans	342,775	1,738,079	2,080,854
Commission and other financial charges		35,162	35,162
<b>Total</b>	<b>342,775</b>	<b>4,110,387</b>	<b>4,453,162</b>

Interest on loans concerns the interest expense for the period on bank borrowings received by the company.

The changes for 2021 included the following:

	For the years ended		
	December 31, 2020	December 31, 2021	Variance
IRS fair value difference	1,481,068	1,633,257	152,189
Interest on bonds	493,889	703,889	210,000
Interest on loans	2,639,289	2,080,854	(558,435)
Commission and other financial charges	6,719	35,162	28,443
<b>Total</b>	<b>4,620,965</b>	<b>4,453,162</b>	<b>(167,803)</b>

### Exchange gains and losses

Exchange gains and losses are detailed below:

Currency	For the years ended		
	December 31, 2020	December 31, 2021	Variance

Realized exchange gains/(losses)	Euro	(27,900)	(4,225,489)	(4,197,589)
Unrealized exchange gains/(losses)	Euro	(222,606)	483,524	706,130
<b>Total</b>		<b>(250,506)</b>	<b>(3,741,965)</b>	<b>(3,491,459)</b>

Of the total amount of the net gains recorded in the income statement the unrealized amount is Euro 483,524. As described in the paragraph concerning the allocation of earnings, this component of income is to be allocated to a non-distributable reserve until it is subsequently realised.

### Income taxes for the year

The following table highlights the balances that make up the item in question for the year ended 31 December 2021 compared with the previous year:

	For the years ended		
	December 31, 2020	December 31, 2021	Variance
20)INCOME TAXES			
b) Prior year taxes	(109,068)	934,286	1,043,354
c) Deferred tax charge/(income):	(229,420)	251,762	22,342
d) Income (charges) from the tax consolidation / tax transparency regime	(2,232,868)	(6,045,848)	(3,812,980)
<b>TOTAL INCOME TAXES</b>	<b>(2,571,356)</b>	<b>(5,363,324)</b>	<b>(2,791,968)</b>

In accordance with Article 96(7) of the Consolidated Income Tax Act, non-deductible interest and similar charges of the Company may be deducted when determining total earnings for the group given that other consolidated companies recognized sufficient, unused gross operating profit, which was transferred to the group.

Therefore, given that the interest expense that is undeductible by the Company separately will be offset within the scope of tax consolidation against excess EBITDA transferred from other companies of the group, this expense has been shown among non-reversing increases in future years, and no deferred tax assets have been recognized.

It should also be noted that the ACE and super-ACE subsidies in excess of the separate assessable income of the company have been transferred in whole to the fiscal unit and are therefore shown among permanent decreases.

In application of the tax consolidation agreement signed in 2019 with the consolidating entity Stevanato Holding S.r.l., the company has recognized a consolidation gain of Euro 6,045,848 among current and deferred income taxes, which includes the fees paid by the consolidating entity to the consolidated entity within the scope of tax consolidation for the transfer to this latter of the tax loss generated by Stevanato Group S.p.A.

A reconciliation is provided below between the reported tax charge and the theoretical tax charge:

**Reconciliation between theoretical and actual fiscal charge (IRES)**

Description	Value	Rate
Profit before taxes	<b>(53,461)</b>	
Tax rate (%)		24.00%
Theoretical tax charge	(12,831)	
<b>Temporary differences deductible or assessable in future years:</b>		
LTI Provisions	1,742,304	
Unrealized exchange gains	(540,582)	
Unrealized exchange losses	333,127	
<b>Reversal of assessable or deductible temporary differences from prior years:</b>		
Unrealized exchange gains prior years	317,976	
Unrealized exchange losses prior years	(816,651)	
LTI Provisions	(136,333)	
<b>Non-reversing differences in future years:</b>		
Entertainment expenses	(10,933)	
Interest expense (Art. 96 of Consolidated Income Tax Act)	2,264,266	
Telephone expenses	260,458	
Non-deductible vehicle expenses	200,341	
Other non-deductible costs	353,545	
Local property tax	24,954	
Deduction 4% post-em. bens. complementary pension fund	(13,809)	
Superamortization	(37,362)	
Non-assessable portion of dividends	(23,750,000)	
Other deductible items	(7,232)	
ACE	(2,307,376)	

Super ACE	(750,000)	
<b>Assessable IRES</b>	<b>(22,926,767)</b>	
Tax rate (%)		24.00%
<b>Consolidation income</b>	<b>6,045,848</b>	

**Determination of assessable IRAP**

Description	Value	Rate
<b>Difference between value and costs of production</b>	<b>(18,353,830)</b>	
<b>Costs not considered for IRAP purposes</b>		
Directors' remuneration	1,921,122	
Personnel costs	19,894,969	
Non-deductible costs	175,622	
Fees for other collaborators	7,612	
IMU Property tax	62,386	
<b>Theoretical IRAP assessable amount</b>	<b>3,707,881</b>	
Assessable Veneto region	3,707,881	
Tax rate (%)		3.90%
<b>Theoretical tax charge</b>	<b>144,607</b>	
<b>Non-reversing differences in future years:</b>		
Compulsory insurance for employees	-	
Expenses for apprentices and the disabled	(393,285)	
Flat-rate deduction Article 11, paragraph 1 letter a) No. 2) and 3), Legislative Decree 446/97 letter a) No. 4, Legislative Decree 446/97	(1,812,376)	
Deduction of social security contributions Article 11, para. 1 lett. a), Legs. Decree 446/97	(3,242,275)	
Deduction for increased employment	(430,246)	
Full deduction of the residual cost	(11,319,768)	



Change in interest income - interest expense (at 96%)	(2,528,588)	
<b>Assessable IRAP</b>	<b>(16,018,657)</b>	

In accordance with point 14) of article 2427 of the civil code, the information on deferred tax assets and liabilities is provided below:

### Deferred tax assets/liabilities

Deferred tax liabilities are calculated based on the global allocation criteria, taking into account the cumulative amount of all of the temporary differences, based on the average expected rates in force when these temporary differences reverse. Deferred tax assets are recorded if there is reasonable certainty that the temporary differences will reverse in future years against assessable income not lower than the differences that will be reversed.

The temporary differences that resulted in the recording of deferred tax assets and liabilities are shown in the table below together with the relative effect.

### Recording of deferred tax assets and liabilities and consequent effects:

	Balance Sheet value at December 31, 2020	Rate	Deferred tax asset/liability at December 31, 2020	Balance Sheet value at December 31, 2021 that generated temporary differences	Rate	Deferred tax asset/liability at December 31, 2021	Financial effect
<b>IRES deferred tax assets:</b>							
Unrealized exchange losses	540,582	24.00 %	129,740	333,126	24.00 %	79,950	(49,789)
IRS hedging derivative instruments	4,401,864	24.00 %	1,056,447	1,680,819	24.00 %	403,397	
Step-up building Law .285/2008	420,000	24.00 %	100,800	420,000	24.00 %	100,800	
LTI Provisions	1,135,951	24.00 %	272,628	2,741,922	24.00 %	658,061	385,433

Directors' fees	0	24.00 %	0	149,167	24.00 %	35,800	35,800
<b>TOTAL IRES DEFERRED TAX ASSETS</b>			<b>1,559,615</b>			<b>1,278,008</b>	<b>371,444</b>
<b>IRES deferred taxes liabilities:</b>							
Unrealized exchange gains	317,976	24.00 %	76,314	816,651	24.00 %	195,996	119,682
<b>TOTAL IRES DEFERRED TAX LIABILITIES</b>			<b>76,314</b>			<b>195,996</b>	<b>119,682</b>
<b>Net IRES deferred tax assets (liabilities)</b>			<b>1,483,301</b>			<b>1,082,012</b>	<b>251,762</b>
	<b>Balance Sheet value at December 31, 2020</b>	<b>Rate</b>	<b>Deferred tax assets/liabilities as at December 31, 2020</b>	<b>Balance sheet value at December 31, 2021 that generated temporary differences</b>	<b>Rate</b>	<b>Deferred tax assets/liabilities as at December 31, 2021</b>	<b>Financial effect</b>
<b>IRAP deferred tax assets:</b>							
Step-up building Law .285/2008	420,000	3.90%	16,380		3.90%	16,380	
<b>TOTAL IRAP DEFERRED TAX ASSETS</b>	<b>420,000</b>		<b>16,380</b>			<b>16,380</b>	
<b>Net IRAP deferred tax assets/(liabilities)</b>			<b>16,380</b>			<b>16,380</b>	

## Other information

### Workforce

(Ref. Article 2427, first paragraph, No. 15 of the Civil Code).

The changes in the average workforce from the preceding year are shown in the following Table:

	<b>December 31, 2020</b>	<b>December 31, 2021</b>	<b>Variance</b>
Executives	17	22	5
Managers	28	23	(5)
White collars	128	137	9
Blue collars	1	1	-
Others	1	4	3
<b>TOTAL</b>	<b>175</b>	<b>187</b>	<b>12</b>

The national labour contract applied is the one relating to commerce and services.

#### Directors and statutory auditors' fees

In accordance with current legislation, total compensation payable to the Directors and the members of the Board of Statutory Auditors is indicated below (article 2427, first paragraph, No. 16 of the Civil Code).

On May 28, 2021, the company adopted a one-tier model, which included eliminating the board of statutory auditors and the appointment of a management control committee within the board of directors.

The table below shows the fees payable to the statutory auditors prior to the board being disbanded, whereas the fees payable to the management control committee are summarized along with the fees paid to the directors.

	<b>Directors</b>	<b>Statutory Auditors</b>
Fees	1,921,122	31,027

#### Independent auditor remuneration

(Ref. Article 2427, first paragraph, No. 16 of the Civil Code).

In accordance with law the fees paid for services provided by the auditor / or by the audit firm or entities belonging to its network are reported below:

- fees for the auditing of the parent and consolidated annual accounts: Euro 589,530

### Other financial instruments issued by the company

For the purpose of the disclosure required by point 19 of Article 2427 of the Civil Code, we report that the following financial instruments have been issued:

<u>Purchaser</u>	<u>Issue date</u>	<u>Amount</u>
PGIM, Inc.	April 16, 2020	Euro 50,000,000

### Information on equity and loans allocated to a specific business

The Company has not established an equity account in accordance with Articles 2447-bis to 2447-decies of the Civil Code.

### Related party transactions

(Ref. Article 2427, first paragraph, No. 22-bis of the Civil Code).

The significant transactions with related parties carried out by the company concerning the supply of goods were undertaken at normal market conditions. Related party transactions are presented in the following table:

	<b>Financia l receivab les</b>	<b>Other receiva bles</b>	<b>Other liabiliti es</b>	<b>Trade receiva bles</b>	<b>Trade payable s</b>	<b>Revenu es</b>	<b>Cost s</b>	<b>Financ ial incom e</b>	<b>Finan cial charg es</b>
Medirio SA				31,737					
Balda Medical GmbH	72,681,818	12,024,777		3,801,795		2,485,162		1,316,634	
Balda C. Brewer Inc.	7,593,148			1,887,400	25,412	1,668,127		114,336	
Balda Precision Inc.				47,676		71,247			
Ompi of Japan	977,911				7,282		111,825	13,103	
Nuova Ompi S.r.l.			38,344,085		109,223	18,121,841		12,205	109,223

Medical Glass A.S.			5,032,773		28,347	2,142,384			28,347
Ompi NA S. de RL de CV			8,627,083	658,919	24,185	2,216,416		6,125	24,185
Ompi Pharmac Packing Tech. Co. Ltd - China				1,903,811		1,903,811			
Ompi do Brasil LTDA				1,526,790		1,526,790			
Ompi of America Inc.				1,259,362	293,013	2,160,387	293,428		
Spami S.r.l.		2,360,545	18,017,468		149,814	3,958,008			149,814
Innoscan A/S	20,565,919			2,068,142		1,164,427		319,117	
SVM Automatik A/S	17,145,393			2,608,178		1,491,884		92,915	
Stevanato Group International A.S.			11,748,431		31,206				31,206
<b>Total</b>	<b>118,964,189</b>	<b>14,385,322</b>	<b>81,769,839</b>	<b>15,793,810</b>	<b>668,482</b>	<b>38,910,484</b>	<b>405,253</b>	<b>1,874,435</b>	<b>342,775</b>

We also report relationships with members of the Stevanato Group Board of Directors and with senior executives and their family members.

- product purchases and rentals paid to Società Agricola Stella S.r.l., a subsidiary of SFEM Italia S.r.l.;
- rents paid to SFEM Italia S.r.l., controlled by the Stevanato family;
- consulting services provided by MJB Consultants LLC, Progenitor Capital Partners LLC, William Federici, and Studio Legale Spinazzi Azzarita Troi, whose owners are current members of the Stevanato Group Board of Directors;
- loan granted to a small number of executives and key employees of the company selected within the scope of the 2021-2027 Stock Grant Plan related to the sale of treasury shares of Stevanato Group S.p.A.
- donation to the Fondazione Stevanato, owned by the Stevanato family. The foundation undertakes purely charitable and philanthropic purposes in the fields of healthcare, education and learning, culture, and scientific research. The foundation works to support young people experience challenges due to illness, family difficulties, or other circumstances that can impact their health and development.

These include:

	Financial assets	Trade payables	Revenues	Costs
Società Agricola Stella S.r.l.		3,104		5,009
SFEM Italia S.r.l.		1,558		18,755
MJB Consultants LLC				56,791
Progenitor Capital Partners LLC				67,128
Studio Legale Spinazzi Azzarita Troi		145,250		553,306
Federici William				68,961
Stevanato Holding S.r.l.	6,048,628		4,474,598	
Fondazione Stevanato				40,000
Group senior management	446,698		22,386	
<b>Total</b>	<b>6,495,326</b>	<b>149,912</b>	<b>4,496,984</b>	<b>809,950</b>

The amount of Euro 4,474,598 has been recognized directly as a reduction in costs and concerns the billing of costs related to the public offer for the sale of shares previously held by Stevanato Holding S.r.l.

#### Off-balance sheet agreements

(Ref. Article 2427, first paragraph, No. 22-ter of the Civil Code).

There are no off-balance sheet agreements.

#### Disclosures pursuant to Law No. 124 of August 4, 2017, Article 1, para. 125-129:

In this regard, it should be noted that the company did not receive grants or other subsidies in 2021.

#### Information on derivative financial instruments as per Article 2427-bis of the Civil Code

The disclosure required by Article 2427-bis, paragraph 1 of the Civil Code, specifying the fair value and the amount and type of each category of derivative financial instrument undertaken by the company still in place at December 31, 2021 is provided below, broken down by category in consideration of aspects such as the characteristics of the instruments and their purpose.

Derivative type	Underlying	Notional in Euro	Fair Value December 31, 2021
Forward contracts	Inter-company loans	47,064,092	49,283
Interest Rate Swap	Bank loans	167,863,636	(1,680,819)
<b>Total</b>		<b>214,927,728</b>	<b>(1,631,536)</b>

The Company had at December 31, 2021 cash flow derivatives on eleven medium/long-term bank loans. Currency derivatives were also established to hedge intercompany financing in foreign currencies, as mentioned in the paragraph concerning receivables above.

### Significant events in the year

The legal, fiscal and accounting effects of the partial, proportionate spin-off that the company completed in 2020, as the Beneficiary, together with the subsidiary Nuova Ompi S.r.l. (Transferor), aimed at rationalising the real estate belonging to each of the two companies, began on January 1, 2021.

As a result of the spin-off, the Beneficiary company received the assets of the Transferor related to the Piombino Dese plant.

The carrying amount of the assets transferred to the Beneficiary was measured based on accounting records updated to April 30, 2020, while allocating the difference between the net carrying amount of the related assets and liabilities, a fixed amount of Euro 12,718,601, to equity reserves.

The net carrying amount was not adjusted by the differences between the net carrying amounts of the assets and liabilities included in the capital transferred as a result of the spin-off due to company dynamics arising between April 30, 2021, and the effective date of the spin-off. These differences, in the amount of Euro 707,775, were settled by way of a cash payment to the Beneficiary company.

On July 20, 2021, the company completed the initial public offer (IPO) and received a total of Euro 367.8 million, net of related transaction costs and of the derivative to reduce the risk of fluctuations in the EUR/USD exchange rate related to the income from the public listing. On August 18, 2021, the placement consortium purchased an additional 712,796 ordinary shares, bringing the total income from the public listing to Euro 380.1 million.

### COVID-19 emergency

The company maintained and strengthened in 2021 the measures to manage any risk from the continuation of the COVID-19 emergency.

The safety measures adopted by the company reflect the measures for combating and containing the spread of the COVID-19 virus in the workplace issued by the Ministry of Health, including: a social distance of 2 metres, both in production and office spaces, the reorganisation of workspaces, timely information and training on the conduct rules to be followed where symptoms arise, managing the entry of outside workers, the updating of risk assessment

documents, sanitisation, disinfecting work environments, a prohibition on trips, a prohibition on in-person meetings and in-person training, checking temperatures on entering, communication and internal awareness on the prevention measures adopted, the drawing up of procedures to be followed.

At the preparation date of the financial statements, it is highlighted that the COVID-19 pandemic - more than two years after its outbreak - should still not be underestimated as a factor of uncertainty.

Considering the business sector in which it operates - in addition to the wider Group's strong capital and financial base - no uncertainties exist at the preparation date of this document in terms of the adoption of the going concern assumption.

For further information reference should be made to the Management Report.

#### **Subsequent events**

No matters to report.

#### **Reference to information contained in the Management Report**

In relation to the nature of business operations, the outlook and the transactions with subsidiaries, associates, parent companies and companies under the control of this latter and with related parties and disclosures relating to the company's regional operational activities, reference should be made to the Management Report.

The Company holds a number of controlling interests and has therefore prepared consolidated financial statements for the Group to which reference should be made for more complete information.



### Allocation of the result

We propose to allocate the net profit for the year as follows:

<b>Net profit for the year ended December 31, 2021</b>	<b>Euro</b>	<b>5,309,863</b>
<b>To the legal reserve</b>	<b>Euro</b>	<b>339,296</b>
<b>To the extraordinary reserve</b>	<b>Euro</b>	<b>4,487,043</b>
<b>To non-distributable reserve Art. 2426 of Civil Code</b>	<b>Euro</b>	<b>483,524</b>

\*/\*/\*/\*/\*/\*/\*

These financial statements, consisting of the statement of financial position, income statement and accompanying notes thereto, present a true and fair view of the Company's financial position and results of operations for the year and correspond to the underlying accounting records.

The Chairperson of the Board of Directors  
**Franco Stevanato**