STEVANATO GROUP S.P.A.

CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Courtesy Translation)

Stevanato Group S.p.A.
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STEVANATO GROUP S.P.A.

Consolidated management report and management report of parent company as at and for the year ended December 31, 2022

Consolidated management report and management report of parent company

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. As at and for the year ended December 31, 2022, the Financial Statements of the parent company Stevanato Group S.p.A. have been prepared in accordance with the *International Financial Reporting Standards* endorsed by the European Union. For all periods up to and including the year ended December 31, 2021, the parent company prepared its financial statements in accordance with Italian generally accepted accounting principles (OIC).

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 China, in Latina, Italy, and in Piombino Dese, Italy, where construction on a new building is nearing completion. 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*, which includes the products, processes and services developed and provided in connection with the containment and delivery of pharmaceutical and biotechnology drugs and reagents (such as vials, cartridges, syringes and drug delivery systems like pen injectors, auto injectors and wearables), as well as the production of diagnostic consumables;

- *Engineering*, which includes the equipment and technologies developed and provided to support the end-to-end pharmaceutical, biotechnology and diagnostic manufacturing processes (assembly, visual inspection, packaging and serialization and glass converting).

For further information, please refer to Company website: 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; 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, 2022

(EUR million)	Group Net Profit	Income taxes	Net financial expenses	Operating Profit	Deprec.	EBITDA
Reported indicators	**143.0**	**44.6**	**4.8**	**192.4**	**64.8**	**257.4**
Start-up costs	4.6	1.6	-	6.2	-	6.2
Restructuring and related charges	0.1	-	-	0.1	-	0.1
Non-recurring items	**4.7**	**1.6**	**-**	**6.3**	**-**	**6.3**
Adjusted indicators	**147.7**	**46.2**	**4.8**	**198.7**	**64.8**	**263.7**

For the year ended December 31, 2021

(EUR million)	Group Net Profit	Income taxes	Net financial expenses	Share of profit of the associate	Operating Profit	Deprec.	EBITDA
Reported indicators	**134.3**	**31.4**	**(2.9)**	**(0.5)**	**162.2**	**56.4**	**218.6**
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)	-	-	-	-	-
Non-recurring items	**(13.8)**	**5.5**	**8.0**	**-**	**(0.3)**	**-**	**(0.3)**
Adjusted indicators	**120.5**	**36.9**	**5.1**	**(0.5)**	**161.9**	**56.4**	**218.3**

During the year ended December 31, 2022, the Group recorded the following non-recurring items:

- EUR 6.2 million related to start-up costs for the new plant in Fishers, Indiana, U.S. in Zhangjiagang, China, and in Latina, Italy.
- EUR 0.1 million in restructuring and related charges for the merger of Innoscan A/S into SVM Automatik A/S.

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.

Performance indicators – Adjusted

EUR million	For the years ended December 31, 2022	% on Net Sales	2021	% on Net Sales
Group Net Profit	**147.7**	**15.0%**	**120.5**	**14.3%**
Income taxes	46.2	4.7%	36.9	4.4%
Net financial expenses	4.8	0.5%	5.1	0.6%
Share of profit of the associate	-	0.0%	(0.5)	(0.1%)
Adjusted Operating Profit	**198.7**	**20.2%**	**161.9**	**19.2%**
Adjusted Operating Profit Margin	**20.2%**		**19.2%**	
Depreciation	64.8	6.6%	56.4	6.7%
Adjusted EBITDA	**263.7**	**26.8%**	**218.3**	**25.9%**
Adjusted EBITDA Margin	**26.8%**		**25.9%**	

Macroeconomic trend of 2022

In the course of 2022, the world economy has been buffeted by several shocks which have dampened the pace of growth and which will continue to weigh on the global outlook.

One of the main elements to consider in the global macroeconomic scenario is the inflation rate, which has recently reached record-high level in some countries. Although prices had been already creeping up due to the rapid rebound from the pandemic and related supply chain constraints, inflation soared and became much more pervasive around the world following Russia's conflict with Ukraine.

Inflation deteriorates the economic outlook because it results in higher production costs for businesses, a reduction in real income for households, and also because it pushes central banks towards tighter monetary policies in order to pursue their statutory goals, thus resulting in a slowdown of the economic activity.

One of the primary challenges for the European and global economy in recent months has been the fluctuations in the energy market. Energy prices have risen sharply, mainly related to sanctions imposed on Russia in connection with the conflict with Ukraine, along with countermeasures relating to such sanctions.

The decline in oil and natural gas prices in recent months is mainly related to lower demand and the mild weather experienced in the Fall 2022, which allowed storage facilities in many European countries to be filled and reduce the risk of possible supply demand imbalances.

Governments have already done a lot to ease the economic pain from high energy and food prices, including price caps, price and income subsidies and reduced taxes. However, since energy prices are likely to remain high and volatile for some time, untargeted measures to keep prices down may become increasingly unaffordable and could discourage the needed energy savings.

To pursue price stability, the Federal Reserve in the U.S. and other central banks in various countries have raised, and may again raise, interest rates in response to concerns about inflation. Through an increase in the key interest rate, central banks make borrowing more expensive and encourage saving, thereby influencing consumer demand for goods and services as well as business investment. This can help reduce inflation but can also result in lower economic activity and put less-capitalized lending institutions in trouble

In addition to higher energy prices, higher inflation is also related to issues along value chains that have characterized the global economy since the acute phase of the COVID-19 pandemic in 2020. The Russian-Ukrainian conflict adds to an already complex situation, in which a globally uneven economic recovery in the aftermath of the pandemic crisis created bottlenecks in the supply of components and inputs critical to economic activity. These pressures are showing signs of easing in recent months.

General global economic downturns and macroeconomic trends, including heightened inflation, capital market volatility, interest rate and currency rate fluctuations, and economic slowdown or recession, may result in unfavorable conditions that could negatively affect demand for our products and exacerbate some of the other risks that affect our business, financial condition, and results of operations. Furthermore, currency exchange rates have been especially volatile in the recent past, and these currency fluctuations have affected, and may continue to affect, the reported value of the Group assets and liabilities, as well as cash flows.

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 2022	% equity interest 2021
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 Group International a.s.	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 Indirect	30.76% 69.24%	30.76% 69.24%
Ompi of America inc.	Biopharmaceutical	Sale of container closure systems	USA	Direct Indirect	83.73% 16.27%	100%
Ompi do Brasil Industria e Comercio de Embalagens Farmaceutica Ltda	Biopharmaceutical	Production of container closure systems	Brazil	Direct Indirect	79% 21%	79% 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%
SVM Automatik A/S	Engineering	Production plant and machinery	Denmark	Indirect	100%	100%
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%

The scope of consolidation as at December 31, 2022 is essentially unchanged compared to December 31, 2021. On December 31, 2022, the extraordinary shareholders' meetings held at the Innoscan A/S and SVM Automatik A/S approved the merger of the non-surviving company Innoscan A/S into the surviving company SVM Automatik A/S. The transaction is effective for accounting purposes as of January 1, 2022.

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 glass containment solutions and to drug delivery systems (DDS), continued regularly during the year. In 2022 the Group launched its next-generation EZ-fill Smart™ platform and advanced its proprietary portfolio of drug delivery system. Most recently, the Group entered into a partnership with Transcoject to expand the product portfolio with COC (Cyclic Olefin Polymer) and COP (Cyclic Olefin Copolymer) syringes.

On October 4, 2021, the Group announced the construction of a new EZ-Fill® hub in Fishers, Indiana, United States. The manufacturing facility is expected to begin validation activities in the fourth quarter of 2023 with revenue generation beginning in 2024. The U.S. hub enables 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 decision to follow a modular approach allows the Group to be flexible in modifying or changing the capacity to meet market demand. The facility will house production lines to produce EZ-Fill® syringes and vials. In line with customer demand and as a result of the increased production capacity, the Group expect to better support customers' needs for biologics and vaccine treatments. As part of this capital project, in February 2022, Stevanato Group entered into an agreement with the U.S. government's Biomedical Advanced Research and Development Authority (BARDA), which is part of the U.S. Department of Health and Human Services, through its partnership with the U.S. Department of Defense. Under the agreement, BARDA will make a multi-year contribution for up to approximately USD 95 million (or approximately EUR 85 million) for manufacturing capacity for standard and EZ-Fill® vials in support of U.S. national defense readiness and preparedness programs for current and future public health emergencies.

On April 11, 2022 the Board of Directors approved an amendment to the "Restricted Stock Grant Plan Stevanato Group S.p.A. 2021-2027", in order to allow the entry of new beneficiaries in 2022, previously involved in the compensation plan called "Long Term Incentive 2020-2023". In accordance with specific rules, existing and new beneficiaries relating to the first vesting period coexist during 2022 under the "Restricted Stock Grant Plan Stevanato Group S.p.A. 2021-2027". Through such amendment, beneficiaries of the Long Term Incentive 2020-2023 were offered the possibility of becoming beneficiaries of the "Restricted Stock Grant Plan Stevanato Group S.p.A. 2021-2027" in 2022 by using the rights deriving from the participation in the Long-Term Incentive 2020-2023 in the meantime accrued to them, but providing, that the free of charge transfer of the property of a certain number of Stevanato Group S.p.A. shares should have been done after the end of the First Vesting Period, after having verified the actual achievement of the Performance Objectives (in terms of consolidated revenue and EBITDA) set for such vesting period and the continuation of the employment relationship.

The letters of assignment of shares were issued to beneficiaries on May 12, 2022 and from that date the amendment of the incentive plans produced its accounting effects for those beneficiaries who accepted the incentive plan modification.

On December 15, 2022 the Board of Directors adopted the Restricted Shares Plan and the Performance Shares Plan as sub-plans of the Long Term Incentive Plan. The Restricted Shares Plan forms part of Stevanato Group's long-term remuneration policy wherein Restricted Shares represent, for the first vesting period (January 2023 - December 2025), 50% of the same beneficiaries grant target pay opportunity, while Performance Shares represent 50% of the beneficiaries grant target pay opportunity. For the second vesting period (January 2024 - December 2026) and third vesting period (January 2025 - December 2027), the company will communicate to beneficiaries within the grant letter the mix of Performance and Restricted Shares.

On December 31, 2022, the extraordinary shareholders' meetings held at the Innoscan A/S and SVM Automatik A/S approved the merger of the non-surviving company Innoscan A/S into the surviving company SVM Automatik A/S. The transaction is effective for accounting purposes as of January 1, 2022.

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*: which includes all the products, processes and services developed and provided for the containment and delivery of pharmaceutical and biotechnology drugs and reagents, as well as the production of diagnostic consumables. This segment is split into two sub-categories:
    - *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;
    - *Other containment and delivery solutions*.
- *Engineering*: which includes all of the equipment and technologies developed and provided to support the end-to-end biopharmaceutical and diagnostic manufacturing processes (assembly, visual inspection, packaging and serialization and glass converting).

Consolidated revenues at effective exchange rates as at and for the year ended December 31, 2022 and 2021 split for segments are the following (in EUR million):

	For the years ended December 31,			
EUR million	2022	2021	Variance	Variance %
Biopharmaceutical and Diagnostic Solutions	799.7	694.0	105.6	15.2%
Engineering	184.0	149.9	34.1	22.8%
Total Revenues	**983.7**	**843.9**	**139.8**	**16.6%**

Revenues at current exchange rate increase by EUR 139.8 million, or 16.6%, to EUR 983.7 million for the year ended December 31, 2022, from EUR 843.9 million in 2021. The increase is mainly driven by growth in both segments, higher volumes, the mix shift to high value solutions, and favorable currency translation. For the year ended December 31, 2022, it is estimated that sales relating to COVID-19 are equal to 11.2% of total revenues against an estimate of 14.7% for the previous year (it should be noted that sales linked to COVID-19 only involved the *Biopharmaceutical and Diagnostic Solutions* segment).

Revenue growth on constant currency basis was 13.4% for the year ended December 31, 2022.

Revenue generated by the *Biopharmaceutical and Diagnostic Solutions* segment increased by EUR 105.6 million, or 15.2%, to EUR 799.7 million for the year ended December 31, 2022 compared to EUR 694.0 million in the year ended December 31, 2021. Revenue growth was primarily driven by an increase in revenue of our premium priced *High-value solutions,* as detailed in the table below.

Revenue generated by the *Engineering* segment, increased by EUR 34.1 million, or 22.8%, to EUR 184.0 million for the year ended December 31, 2022 compared to EUR 149.9 million for the year ended December 31, 2021 driven by higher sales to external customers across all business lines.

Consolidated revenues at effective exchange rates at and for the year ended December 31, 2022 and 2021 split for type of product are (in EUR million):

EUR million	**For the years ended December 31, 2022**	**2021**	**Variance**	**Variance %**
Revenue from sale of *High-value solutions*	293.2	207.8	85.4	41.1%
Revenue from sale of *Other containment and delivery solutions*	506.4	486.2	20.2	4.2%
Revenue from sale of *Engineering*	184.0	149.9	34.1	22.8%
Total Revenue	**983.7**	**843.9**	**139.8**	**16.6%**

Revenue generated from sale of *High-value solutions* increased by EUR 85.4 million, or 41.1%, to EUR 293.2 million for the year ended December 31, 2022, compared to Euro 207.8 million for the year ended December 31, 2021, reflecting the Group continuing efforts to meet rising customer demand and strategically shift towards a larger proportion of high-value solutions, such as EZ-Fill® vials and cartridges, high-value syringes, Alba®, Nexa®, Drug Delivery Systems, analytical services and molecular diagnostic plastic parts. Revenue generated by *Other containment and delivery solutions* increased by EUR 20.2 million, or 4.2%, to EUR 506.4 million for the year ended December 31, 2022, compared to EUR 486.2 million for the year ended December 31, 2021.

Revenue generated by the *Engineering* segment, increased by EUR 34.1 million, or 22.8%, to EUR 184.0 million for the year ended December 31, 2022 compared to EUR 149.9 million for the year ended December 31, 2021. All growth was organic and driven by higher sales in all business lines, including visual inspection systems, assembly and packaging machines, glass converting machines, and also after sales activities.

The consolidated revenues at effective exchange rates as at and for the year ended December 31, 2022 and 2021 split for geographical area are (in EUR million):

EUR million	**For the years ended December 31, 2022**	**2021**	**Variance**	**Variance %**
EMEA	599.7	493.5	106.2	21.5%
APAC	100.3	117.7	(17.5)	(14.8%)
North America	250.8	207.0	43.9	21.2%
South America	32.9	25.7	7.1	27.7%
Total Revenue	**983.7**	**843.9**	**139.8**	**16.6%**

For the year ended December 31, 2022, revenue in APAC decreased by EUR 17.5 million, or 14.8% to EUR 100.3 million (which accounted for 10.2% of our total revenue for the year ended December 31, 2022) compared to EUR 117.7 million in the year ended December 31, 2021. For the same period, revenue in North America increased by EUR 43.9 million, or 21.2% to EUR 250.8 million (which accounted for 25.5% of our total revenue for the year ended December 31, 2022) compared to EUR 207.0 million in the year ended December 31, 2021, revenue in EMEA increased by Euro 106.2 million, or 21.5% to EUR 599.7 million (which accounted for 61.0% of our total revenue for the year ended December 31, 2022) compared to EUR 493.5 million in the year ended December 31, 2021, while revenue in South America increased by EUR 7.1 million, or 27.7%, to EUR 32.9 million (which accounted for 3.3% of our total revenue for the year ended December 31, 2022) compared to EUR 25.7 million in the year ended December 31, 2021.

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 strategical 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, 2022.

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

EUR million	**For the year ended December 31, 2022**				**For the year ended December 31, 2021**			
	Biopharmaceutical and Diagnostic Solutions	***Engineering***	***Adjustments, eliminations and unallocated items***	**Consolidated**	***Biopharmaceutical and Diagnostic Solutions***	***Engineering***	***Adjustments, eliminations and unallocated items***	**Consolidated**
Net Sales	801.2	299.5	(117.1)	**983.7**	695.2	218.9	(70.1)	**843.9**
Variance 2022/2021	106.1	80.6	(46.9)	**139.8**	*129.1*	*65.4*	*(12.7)*	***181.9***
Variance %	*15.3%*	*36.8%*	*67.0%*	***16.6%***				
Gross Profit	274.9	64.7	(19.7)	**319.8**	229.9	42.3	(6.7)	**265.4**
Variance 2022/2021	45.0	22.4	(13.0)	**54.4**	*62.3*	*10.2*	*(1.2)*	***71.2***
% margin on Net Sales	*34.3%*	*21.6%*	*16.9%*	***32.5%***	*33.1%*	*19.3%*	*9.6%*	***31.4%***
Operating Profit	182.6	41.3	(31.4)	**192.4**	149.1	22.9	(9.7)	**162.2**
Variance 2022/2021	33.5	18.4	(21.7)	**30.2**	*46.4*	*6.3*	*6.4*	***59.1***
% margin on Net Sales	*22.8%*	*13.8%*	*26.9%*	***19.6%***	*21.4%*	*10.5%*	*13.9%*	***19.2%***

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 15.3% (EUR 106,1 million) in *Biopharmaceutical and Diagnostic Solutions* segment is mainly driven by the growth in *High-value solutions*. Gross profit of this segment increased from 33.1% in 2021 to 34.3% in 2022 driven by the continuing mix shift to high value solutions, partially offset by start-up costs and a rise in inflationary costs, which have been partially offset by price adjustments.

With reference to *Engineering* segment, the EUR 80.6 million increase in revenues (36.8%) is due to the growth in all business lines. Gross profit of this segment increased to 21.6% in 2022 from 19.3% in 2021 mainly driven by contributions from more accretive business lines such as our glass forming and pharma vision business, as well as ongoing business optimization efforts to improve operational efficiencies.

Consolidated income statements – Reported data

	For the years ended December 31,			
EUR million	**2022**	**% Net Sales**	**2021**	**% Net Sales**
Net Sales	**983.7**	**100.0%**	**843.9**	**100.0%**
Variance 2022/2021	*16.6%*			
Cost of Sales	(663.9)	(67.5%)	(578.5)	(68.6%)
Gross Profit	**319.8**	**32.5%**	**265.4**	**31.4%**
Variance 2022/2021	*20.5%*			
Other operating income	18.8	1.9%	9.4	1.1%
Selling and Marketing expenses	(26.1)	(2.7%)	(20.4)	(2.4%)
Research and Development expenses	(34.4)	(3.5%)	(29.6)	(3.5%)
General and Administrative expenses	(85.7)	(8.7%)	(62.5)	(7.4%)
Operating Profit	**192.4**	**19.6%**	**162.2**	**19.2%**
Variance 2022/2021	*18.6%*			
Finance income	25.1	2.5%	21.7	2.6%
Finance expense	(29.8)	(3.0%)	(18.8)	(2.2%)
Share of profit of an associate	-	0.0%	0.5	0.1%
Profit before tax	**187.6**	**19.1%**	**165.7**	**19.6%**
Income taxes	(44.6)	(4.5%)	(31.4)	(3.7%)
Net Profit	**143.0**	**14.5%**	**134.3**	**15.9%**
Attributable to non-controlling interests	(0.2)	(0.0%)	0.1	0.0%
Net Profit attributable to equity holders of the parent	**142.8**	**14.5%**	**134.3**	**15.9%**

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.

Revenue increased by EUR 139.8 million, or 16.6%, to EUR 983.7 million for the year ended December 31, 2022, compared to EUR 843.9 million for the year ended December 31, 2021, driven by growth in both segments, higher volumes, the mix shift to high value solutions, and favorable currency translation.

Cost of sales increased by EUR 85.4 million, or 14.8%, to EUR 663.9 million for the year ended December 31, 2022 compared to EUR 578.5 million for the year ended December 31, 2021, mainly due to the higher cost of materials, components and labor expenses related to the production and distribution of our goods and services, logistics and an increase in subcontracting work. Cost of sales was also impacted by an increase in utilities, which doubled in 2022 compared to 2021, due to the worldwide increase in natural gas and electricity rates. Industrial depreciation and amortization increased due to the availability for use of the machinery installed in the previous months to increase the production capacity.

For the year ended December 31, 2022, cost of sales included EUR 3.3 million of non-recurring start-up costs principally related to the new facilities in Indiana, U.S., and Latina, Italy. For the year ended December 31, 2021, cost of sales included Euro 0.5 million of non-recurring costs related to the consolidation of our Balda plants in U.S. as well as Euro 0.7 million of non-recurring start-up costs related to the new U.S. facility in Indiana.

For the year ended December 31, 2022, gross profit increased by EUR 54.4 million, or 20.5%, to EUR 319.8 million for the year ended December 31, 2022 compared to EUR 265.4 million for the year ended December 31, 2021. Gross profit margin increased to 32.5% for the year ended December 31, 2022 compared to 31.4% for the year ended December 31, 2021. The year-over-year increase in gross profit margin was driven by (i) the increased sales volumes, (ii) the strategic mix shift towards more accretive *High value solutions*, (iii) improved margin in the *Engineering* segment. Gross profit margin was also partially offset by inflationary costs, nearly all of which we recovered through price adjustments. However, such price adjustments mainly covered such additional inflationary costs and therefore did not generate additional margin, causing an overall dilutive impact to gross profit margin for the year ended December 31, 2022.

Other operating income 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, orders amendment fees, and government grants. Other operating income represents a minor part of our income and its amount varies yearly depending on the specific business agreements in place. For the year ended December 31, 2022, other income increased by EUR 9.4 million, or 99.8%, to EUR 18.8 million, compared to EUR 9.4 million for the year ended December 31, 2021, mainly due to the EUR 3.0 million contribution from a strategic partner for the joint development of the intellectual property underlying a Stevanato proprietary product. For the year ended December 31, 2022, other income included approximately EUR 7.6 million related to a contract modification disclosed in the second and third quarters of 2022, of which a portion was tied to a decrease in COVID-19 related orders.

Selling and marketing expenses increased by EUR 5.7 million, or 28.1%, to EUR 26.1 million for the year ended December 31, 2022 compared to EUR 20.4 million for the year ended December 31, 2021. These expenses are mainly related to personnel expenses for our sales organization. They also include depreciation for EUR 0.7 million for the year ended December 31, 2022 (EUR 0.8 million for the year ended December 31, 2021). The year ended December 31, 2022 includes a release of the provisions for bad and doubtful debts of EUR 0.7 million (for the year ended December 31, 2021 the release for bad and doubtful debts provision amounted to EUR 0.9 million).

Research and development expenses increased by EUR 4.8 million, or 16.1%, to EUR 34.4 million for the year ended December 31, 2022, compared to EUR 29.6 million for the year ended December 31, 2021. Such expenses include costs for research and development activities to support the innovation of our product range and components and include amortization and depreciation for EUR 3.5 million for the year ended December 31, 2022 (EUR 3.4 million for the year ended December 31, 2021). The increase in research and development expenses is primarily due to an increase in personnel expenses related to new hires and time spent on R&D related activities to maintain and accelerate the Group market-leading position and our strategic efforts to drive continuous innovation to remain at the forefront of technological advancements.

General and administrative expenses increased by EUR 23.2 million, or 37.2%, to EUR 85.7 million for the year ended December 31, 2022, compared to EUR 62.5 million in the year ended December 31, 2021. These expenses mainly comprise personnel expenses for management of the company, consultancy costs, rentals, as well as depreciation and amortization of EUR 7.1 million (compared to EUR 6.0 million in 2021), of which amortization of fair value adjustments from purchase price allocations amounted to EUR 1.0 million (EUR 1.0 million in 2021). The increase in general and administrative expenses is mainly due to higher labor costs for the year ended December 31, 2022 compared to the year ended December 31, 2021 which included a non-recurring accrual reversal amounting to EUR 9.9 million related to cash settled awards under incentive plans 2012-2021 and 2018-2022 which were terminated in favor of the new stock grant plan 2021-2027 partially offset by a EUR 6.5 million discretionary, out-of-cycle bonus to employees. In addition, the increase was also attributable to (i) higher personnel costs linked to the structuring of the Americas Region (ii) non-recurring, start-up costs for the new EZ-fill® hub in Fishers, Indiana, U.S., (iii) higher costs associated with our status as a public company, such as insurance and other organizational structure costs, and (iii) higher IT costs.

For the year ended December 31, 2022, operating profit increased by EUR 30.2 million, or 18.6%, to EUR 192.4 million for the year ended December 31, 2022, compared to EUR 162.2 million for the year ended December 31, 2021. Operating profit margin for the year ended December 31, 2022 increased to 19.6% compared to 19.2% for the year ended December 31, 2021.

Finance expenses, net of finance income, increased by EUR 7.7 million to a net expense balance of EUR 4.8 million for the year ended December 31, 2022, from a net income balance of EUR 2.9 million for the year ended December 31, 2021. Finance expense include bank interest on the Group's financial debt (recalculated using the amortized cost method) and interest on leases, recognized in accordance with IFRS 16—Leases. For the year ended December 31, 2021 net finance expenses are affected by a non-recurring gain of EUR 12.3 realized from the sale of the minority interest in the associate Swissfillon AG and by a non-recurring loss amounting to EUR 4.3 million relating 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.

Income taxes increased by EUR 13.2 million, or 42.1%, to EUR 44.6 million for the year ended December 31, 2022, compared to EUR 31.4 million for the year ended December 31, 2021. Current taxes increased by EUR 29.1 million, or 102,1%, to EUR 57.6 million for the year ended December 31, 2022, compared to EUR 28.5 million for the year ended December 31, 2021. This increase was primarily to higher taxable income in certain jurisdictions for the year ended December 31, 2022 and the application of the so called "Patent Box Regime" for the year ended December 31, 2021, resulting in a retroactive EUR 7.6 million tax saving for the financial years 2016-2020. For the year ended December 31, 2022, we recorded a deferred taxes benefit of Euro 13.0 million, compared to the EUR 2.9 million taxes expenses million for the year ended December 31, 2021. For the year ended December 31, 2022 the tax expense is mainly connected to deferred tax assets booked upon consolidated elimination of revenues related to intercompany sales of fixed assets and to deferred tax assets recorded on tax losses carry forward.

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, 2022	December 31, 2021	Variance
- Goodwill and other intangible assets	79.4	79.2	0.2
- Right of use assets	19.3	22.7	(3.4)
- Property, plant and equipment	641.4	392.7	248.7
- Financial assets – investments FVTPL	0.8	1.1	(0.3)
- Other non-current financial assets	1.0	1.3	(0.3)
- Deferred tax assets	69.2	55.9	13.3
Non-current assets	**811.1**	**552.9**	**258.3**
- Inventories	213.3	148.9	64.3
- Contract assets	103.4	62.1	41.3
- Trade receivables	212.7	165.3	47.5
- Trade payables	(239.2)	(164.8)	(74.4)
- Advances from customers	(26.6)	(23.6)	(3.0)
- Contract liabilities	(14.8)	(18.8)	3.9
Trade working capital	**248.8**	**169.1**	**79.7**
- Tax receivables and other receivables	54.0	51.4	2.6
- Tax payables and other liabilities	(111.1)	(85.3)	(25.8)
Net working capital	**191.7**	**135.3**	**56.5**
- Deferred tax liabilities	(21.0)	(19.1)	(1.8)
- Employees benefits	(8.3)	(11.9)	3.5
- Provisions	(5.5)	(3.5)	(2.0)
- Other non-current liabilities	(18.1)	(1.8)	(16.3)
Total non-current liabilities and provisions	**(52.9)**	**(36.3)**	**(16.5)**
Capital employed	**949.9**	**651.9**	**298.2**
Net debt	**46.0**	**189.8**	**(143.8)**
Equity	**(995.9)**	**(841.7)**	**(154.3)**
Total equity and net debt	**(949.9)**	**(651.9)**	**(298.0)**

The increase of property, plant and equipment, such as in the previous year, is related to the investments the Group continues during 2022. The yearly increase of property, plant and equipment is EUR 294.5 million, of which 90% in order to sustain the growth strategy of the Group.

The increase in deferred tax assets is mainly due to the recognition of tax losses carry forward and the tax effect on the machinery and equipment manufactured and sold within the Group and then capitalized.

Tax payables increase of EUR 22.0 million mainly due to the increase in Italian companies' taxable income.

The increase in other non-current liabilities is mainly due to the advance payment received from BARDA for installing machinery in the new facility in Fishers, U.S..

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

Net working capital

EUR million	**December 31, 2022**	**% Net Sales**	**December 31, 2021**	**% Net Sales**
Trade receivables	212.7	21.6%	165.3	19.6%
Inventories and contract assets	316.7	32.2%	211.1	25.0%
Trade payables	(239.2)	(24.3%)	(164.8)	(19.5%)
Advances from customers and contract liabilities	(41.4)	(4.2%)	(42.4)	(5.0%)
Trade working capital	**248.8**	**25.3%**	**169.1**	**20.0%**
Other net receivables (liabilities)	(57.0)	(5.8%)	(33.8)	(4.0%)
Net working capital	**191.8**	**19.5%**	**135.3**	**16.0%**

As at December 31, 2022, Net working capital on Net Sales increased to 25.3% compared to 20.0% as at December 31, 2021.

Trade receivables on sales increase from 19.6% as at December 31, 2021 to 21.6% as at December 31, 2022 mainly due to the increase in revenues.

The incidence of trade payables on sales increases, increased from 19.5% as at December 31, 2021 to 24.3% as at December 21, 2022. The incidence on net sales of inventories and contract assets net advances from customers and contract liabilities increased from 20.0% as at December 31, 2021 to 28.0% as at December 31, 2022 mainly due to higher levels of inventory to mitigate supply chain risk in the current environment.

The table below contains the main details about Net financial position composition as at December 31, 2022 and as at December 31, 2021.

Net financial position: details

EUR million	December 31, 2022	December 31, 2021	Variance
Cash and cash equivalents	228.7	411.0	(182.3)
Derivatives financial assets – current portion	5.7	0.0	5.7
Current financial assets	27.9	27.2	0.7
Derivatives financial liabilities	-	(1.7)	1.7
Financial debt – current portion	(70.8)	(44.5)	(26.2)
Total current net financial position	**191.6**	**392.1**	**(200.5)**
Derivatives financial assets – non-current portion	2.8	-	2.8
Financial debt – non-current portion	(148.4)	(202.3)	53.9
Total non-current net financial position	**145.6**	**(202.3)**	**56.7**
Net financial position	**46.0**	**189.8**	**(143.8)**
Of which:			
-bank loans	*107.1*	*264.1*	*(157.0)*
-bond loans	*(49.7)*	*(49.6)*	*(0.1)*
-leasing liabilities	*(20.0)*	*(23.1)*	*3.1*
-derivatives	*8.5*	*(1.6)*	*10.1*

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. Cash and cash equivalents decreased from EUR 411 million as at December 31, 2021 to EUR 228.7 million as at December 31, 2022 mainly to fund business growth initiatives.

The ROIC (Return on Capital Invested) as at December 31, 2022 and as at December 31, 2021 is as follows:

Return on Capital Invested

	2022	2021
ROIC	18.5%	22.2%

As at year ended December 31, 2022 ROIC slightly decrease, going from 22.2% at previous year to 18.5%, mainly driven by the increased invested capital. Group management sustains this is the result of the large investments made during the year but will yield returns in the coming 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, 2022	Net profit 2022	Equity as at December 31, 2021	Net profit 2021
Parent company Equity	**489,149**	**35,522**	**450,319**	**13,718**
Equity and net profit attributable to Group companies, netted of investments in subsidiaries and affiliates values	562,349	168,300	151,032	151,032
Elimination of intra-group dividend	-	(44,000)	-	(25,000)
Investments evaluation with equity method	-	-	-	699
Deferred taxes on retained earnings	(2,260)	(960)	(1,300)	(100)
Elimination of intercompany profit in machinery built within the Group	(53,212)	(15,910)	(37,302)	(5,572)
Elimination of intercompany profit in stock	(2,029)	(178)	(1,856)	(439)
Other consolidation adjustments	2,134	74	(650)	(18)
Equity attributable to equity holders of the parent	**996,130**	**142,849**	**842,075**	**134,321**
Equity attributable to non-controlling interests	(220)	167	(415)	(52)
Consolidated Equity	**995,910**	**143,016**	**841,660**	**134,269**

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 years ended December 31, 2022	% Net Sales	2021	% Net Sales
Net Sales	**48.3**	**100.0%**	**37.0**	**100.0%**
Variance 2022/2021	*30.6%*			
Cost of Sales	(3.4)	(7.1%)	(3.2)	(8.8%)
Gross Profit	**44.9**	**92.9%**	**33.7**	**91.2%**
Variance 2022/2021	*33.0%*			
Other operating income	3.0	6.2%	-	0%
Selling and Marketing expenses	(9.4)	(19.5%)	(9.4)	(25.5%)
Research and Development expenses	(5.5)	(11.4%)	(2.1)	(5.6%)
General and Administrative expenses	(45.7)	(94.5%)	(25.9)	(70.1%)
Operating Profit	**(12.7)**	**(26.3%)**	**(3.7)**	**(10.0%)**
Variance 2022/2021	*244.1%*			
Finance income	53.7	111.2%	28.5	77.1%
Finance expense	(8.5)	(17.5%)	(10.2)	(27.7%)
Profit before tax	**32.5**	**67.4%**	**14.6**	**39.4%**
Income taxes	3.0	6.2%	(0.9)	(2.3%)
Net Profit	**35.5**	**73.6%**	**13.7**	**37.1%**

Net Sales increased by EUR 11.3 million, or 30.6%, to EUR 48.3 million for the year ended December 31, 2022, compared to EUR 37.0 million for the year ended December 31, 2021, due to management fees, as additional services that the Parent Company rendered to its affiliates.

General and administrative expenses increased by EUR 19.7 million, or 76.0%, to EUR 45.7 million for the year ended December 31, 2022, compared to EUR 25.9 million for the year ended December 31, 2021. The increase in general and administrative expenses is mainly due to higher labor costs for the year ended December 31, 2022 compared to the year ended December 31, 2021 which included a non-recurring accrual reversal amounting to EUR 9.9 million related to cash settled awards under incentive plans 2012-2021 and 2018-2022 which were terminated in favor of the new stock grant plan 2021-2027. In addition, the increase was also attributable to higher costs associated with our status as a public company, such as insurance and other organizational structure costs.

Finance income increased by EUR 25.2 million, or 88.3%, to EUR 53.7 million for the year ended December 31, 2022 compared to EUR 28.5 million for the year ended December 31, 2021, mainly due to the increased amount of dividends received from affiliates compared to the previous year (EUR 44.0 million and EUR 25.0 million respectively).

Reclassified Statement of Financial Position

EUR million	December 31, 2022	December 31, 2021	Variance
- Other intangible assets	10.4	6.5	3.9
- Right of use assets	1.8	2.5	(0.7)
- Property, plant and equipment	59.1	47.2	11.9
- Equity investments	312.6	225.9	86.7
- Financial assets – investments FVTPL	0.3	0.1	0.2
- Other non-current financial assets	0.1	0.5	(0.4)
- Deferred tax assets	4.9	7.1	(2.2)
Non-current assets	**389.4**	**289.7**	**99.6**
- Trade receivables	3.1	-	3.1
- Trade payables	(13.0)	(12.6)	(0.4)
- Advances from customers	(4.4)	(2.3)	(2.1)
Trade working capital	**14.3**	**(14.9)**	**(0.4)**
- Tax receivables and other receivables	76.7	47.1	29.6
- Tax payables and other liabilities	(42.2)	(26.4)	(15.8)
Net working capital	**20.0**	**5.9**	**14.1**
- Deferred tax liabilities	(2.3)	(0.4)	(1.9)
- Employees benefits	(4.8)	(6.8)	2.0
Total non-current liabilities and provisions	**(7.1)**	**(7.2)**	**0.1**
Capital employed	**402.3**	**288.4**	**113.9**
Net debt	**86.8**	**161.9**	**(75.1)**
Equity	**(489.1)**	**(450.3)**	**(38.8)**
Total equity and net debt	**(402.3)**	**(288.4)**	**(113.9)**

The main variances of the year refer to:

- Tangible assets increased by EUR 11.9 million, to EUR 59.1 million as at December 31, 2022 from EUR 47.2 million as at December 31, 2021, mainly due to the nearly completed construction of a new building in Piombino Dese, Italy, that will host both corporate offices and production areas.
- Equity investments increased by EUR 86.7 million, to EUR 312.6 million as at December 31, 2022 from EUR 225.9 million as at December 31, 2021 due to the direct investment in Ompi of America Inc. equity.
- Tax receivables and other receivables increased by EUR 29.6 million, to EUR 76.7 million as at December 31, 2022 from EUR 47.1 million as at December 31, 2021 mainly due the increase in receivables for services rendered from Stevanato Group S.p.A. to its affiliates.

- Tax payables and other liabilities increased by EUR 15.8 million, to EUR 42.2 million as at December 31, 2022 from EUR 26.4 million as at December 31, 2021 mainly due the increase in the tax liabilities for Group VAT.

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	December 31, 2022	December 31, 2021	Variance
Cash and cash equivalents	129.4	321.8	(192.4)
Short-term financial receivables from affiliates	127.3	66.6	60.6
Short-term derivatives financial instruments	4.8	-	4.8
Short-term financial receivables from affiliates – cash pooling	42.5	12.0	30.4
Total cash and short-term financial assets	**304.0**	**400.5**	**(96.5)**
Short-term bank loans	(49.9)	(35.8)	(14.1)
Short-term financial liabilities to affiliates – cash pooling	(36.7)	(69.5)	32.9
Short-term derivatives financial instruments	-	(1.7)	1.7
Short-term financial liabilities – Leasing	(1.0)	(1.4)	0.3
Short-term financial liabilities	**(87.6)**	**(108.4)**	**20.8**
Short-term net financial position	**216.4**	**292.1**	**(75.7)**
Medium-long term financial receivables from affiliates	-	52.4	(52.4)
Medium-long term derivatives financial instruments	2.8	-	2.8
Medium-long term financial assets	**2.8**	**52.4**	**(49.6)**
Medium-long term bank loans	(81.9)	(131.7)	49.9
Medium-long term bond loans	(49.7)	(49.6)	(0.1)
Medium-long term financial liabilities – Leasing	(0.8)	(1.4)	0.5
Medium-long term financial liabilities	**(132.4)**	**(182.7)**	**50.3**
Medium-long term net financial position	**(129.6)**	**(130.3)**	**0.7**
Net financial position	**86.8**	**161.9**	**(75.1)**

The net financial position decrease by EUR 75.1 million, to EUR 86.8 million as at December 31, 2022 from EUR 161.9 million as at December 31, 2021, mainly due to the investments done for sustaining business growth.

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.

Human resources

The average composition of Group workforce for title is reported:

	2022	2021	Variance
Executives	57	51	6
Managers	137	126	11
Employees	1,156	1,021	135
Workers	3,625	3,263	362
Total	**4,975**	**4,461**	**514**

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):

Year additions	
EUR million	**2022**
Land and buildings	2.3
Plant and machinery	39.4
Industrial and commercial equipment	3.5
Other tangible assets	1.3
Assets under constructions and advances	248.0
Intangible assets	8.1
Total additions	**302.6**

During the fiscal year ended December 31, 2022, capital expenditures for growth and capacity expansion were EUR 266.4 million, which included (i) EUR 124.3 million for new production lines and related infrastructure in Italy (of which EUR 94.7 million is tied to our high value EZ-Fill® products), including EUR 48.3 million for the new EZ-Fill® plant in Latina, (ii) EUR 130.8 million for new production lines and related building expansion in other plants, particularly in the U.S. and China facilities, (iii) EUR 4.0 million for new machinery for high precision plastic injection molding and assembly for container in vitro diagnostic solutions and (iv) Euro 7.3 million for molds, mainly linked to EZ-fill® Integrated Tip Cap. In the U.S., construction of the new facility continues to progress. We currently remain on track for launching validation activities in the second half of 2023 and expect to start commercial operations in early 2024. In Italy, the facility in Piombino Dese is approaching completion, validation activities have begun, and we started our first commercial batch production. In Latina, we currently expect validation activities to begin in the summer of 2023 with commercial production beginning in the fall of 2023. We are prioritizing our investments in the U.S. and Italy in order to satisfy rising customer demand. As a result, we have elected to slow down the brownfield buildout in China. As at December 31, 2022 committed orders related to the ongoing investments equaled approximately 270 Euro million, net of the expected contribution from BARDA.

Capital expenditures for maintenance, increasing quality, improving our IT systems, improving efficiency of our production processes and improving safety of our plants and production sites amounted to EUR 26.8 million, while for research and development, including laboratory equipment, molds and other related equipment, amounted to EUR 9.4 million.

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 66% of the financial debt contracted, and also operates in part at a fixed rate (for the 33% 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, 2022 (so the financial debt at floating rate not hedged represents only 1%).

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.

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 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

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 "*37. Related parties disclosure*" of the Accompanying Notes to the Consolidated Financial Statements as at December 31, 2022.

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)
Total		**30,840,555**	**10.44**	**27,740,414**

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

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 to contain the spread of the virus. The Group experienced both positive and negative impacts from the pandemic.

The Group believes that it is likely that the unfavorable impacts from COVID-19 on production and operational capabilities will continue to abate in fiscal year 2023. The unfavorable impacts included: (i) a temporary decrease in the sales of certain non-COVID-19 products as traditional healthcare procedures were postponed (ii) labor absenteeism; (iii) disruptions to production lines; and (iv) delays in, and increased costs of raw materials, logistics, and other input costs. 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.

Currently, the Group expects revenue from COVID-related products and services will continue to decrease in fiscal year 2023 compared to fiscal year 2022. The Group still expects to benefit from sales related to COVID-19 products and services, but to a lesser extent, as governments worldwide continue to support and promote COVID-19 vaccine programs. Longer-term, there remains uncertainty around the magnitude of demand for COVID-19 related products, however we currently expect demand for products related to COVID-19 will decrease and become part of our vaccine business as COVID-19 moves into endemic stage.

Evolution

The expected market context is positive. The forecasts for 2023 are favorable for all businesses; a growth in consolidated revenues and a maintenance of more than satisfactory levels of profitability is expected.

As the Group enters 2023, Stevanato Group expects to benefit from the secular tailwinds in high growth-end-markets such as biologics. The Group currently sees important opportunities to support customers across a broad range of therapeutics areas such as GLP1s, monoclonal antibodies and mRNA applications. Current trends are toward sustained, robust demand for high-performance drug containment and the Group has modified its investment plans to maximize this opportunity.

The Group continues to invest in its strategic global expansion, focusing the efforts in the U.S. and Italy, to capitalize on rising demand. For the fiscal year ending December 31, 2023, the Group forecasts capital expenditure in the range of 35% to 40% of revenue.

For 2023, approximately 90% of the expected capital expenditure is tied to growth and the remaining balance for all other activities including R&D.

The new U.S. facility in Fishers, Indiana, is expected to begin validation activities in the fourth quarter of 2023, with revenue generation beginning in 2024. The multi-year modular investment, amounting to approximately EUR 500 million including the capital expenditure supported by BARDA, is expected to be completed by the end of 2026, including the last validation.

In Piombino Dese, Italy, the new building is complete, validation activities are well underway, and the commercial batch production started. In Latina, Italy, validation activities are expected over the summer 2023 with commercial production beginning in the fall. Temporary inefficiency should be expected through the natural progression of start-up activities as volumes and revenue grow over time.

For the year ending December 31, 2023, the Group expects revenue in the range of EUR 1.085 billion and EUR 1.115 billion, with a growth between 10% and 13%. The Group expects double-digit revenue growth for the *Biopharmaceutical and Diagnostic Solutions* segment and high-single-digit growth for the *Engineering* segment. About *Biopharmaceutical and Diagnostic Solutions* segment the main driver for the growth will be the shift into *High-value solutions*, that are now expected between 32% and 34% on total revenues.

Currently the Group expects second half results will be stronger than the first half of the year and the growth will be linear throughout the year.

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.

Piombino Dese, April 05, 2023

President of the Board of Directors

Franco Stevanato

STEVANATO GROUP S.P.A.

Consolidated Financial Statements for the year ended December 31, 2022

Consolidated income statement

for the years ended December 31, 2022 and 2021

		For the years ended December 31,	
		2022	2021
		(EUR thousand)	
	Notes		
Revenue	6	983,680	843,920
Cost of sales	7	663,879	578,515
Gross Profit		**319,801**	**265,405**
Other operating income	8	18,850	9,386
Selling and Marketing expenses	9	26,086	20,448
Research and Development expenses	9	34,387	29,616
General and Administrative expenses	9	85,747	62,502
Operating Profit		**192,431**	**162,225**
Finance income	11	25,050	21,709
Finance expense	12	29,840	18,808
Share of profit of an associate	11	—	547
Profit Before Tax		**187,641**	**165,673**
Income taxes	14	44,625	31,404
Net Profit		**143,016**	**134,269**
Net Profit attributable to:			
Equity holders of the parent		142,849	134,321
Non-controlling interests	36	167	(52)
		143,016	**134,269**
Earnings per share			
Basic earnings per common share (in EUR)	15	0.54	0.53
Diluted earnings per common share (in EUR)	15	0.54	0.53

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STEVANATO GROUP S.P.A.

Consolidated statement of comprehensive income

for the years ended December 31, 2022 and 2021

	Notes	For the years ended December 31, 2022	2021
		(EUR thousand)	
Net Profit		**143,016**	**134,269**
Gains/(losses) from remeasurement of employee defined benefit plans	30	842	(151)
Gains/(losses) from remeasurement of the agent termination plan	31	64	55
Tax effect relating to those components of OCI	14	(236)	26
Other comprehensive income (loss) that will not be classified subsequently to profit or loss		**670**	**(70)**
Exchange difference on translation of foreign operations	26	7,098	12,243
Changes in the fair value of cash flow hedging instruments	29	8,747	2,721
Changes in the time value element - cost of hedge	29	(235)	—
Tax effect relating to those components of OCI	14	(2,043)	(653)
Other comprehensive income (loss) that will be classified subsequently to profit or loss		**13,567**	**14,311**
Total other comprehensive income (loss), net of tax		**14,237**	**14,241**
Total Comprehensive Income		**157,253**	**148,510**
Attributable to:			
Equity holders of the parent		157,058	148,550
Non-controlling interests		195	(40)
		157,253	**148,510**

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STEVANATO GROUP S.P.A.

Consolidated statement of financial position

at December 31, 2022 and 2021

	Notes	At December 31 2022	At December 31 2021
		(EUR thousand)	
Assets			
Non-current assets			
Goodwill	16	47,243	47,243
Other intangible assets	17	32,158	31,928
Right of Use assets	35	19,289	22,690
Property, plant and equipment	18	641,402	392,717
Financial assets - investments FVTPL	19	782	1,084
Other non-current financial assets	20	3,839	1,334
Deferred tax assets	14	69,210	55,877
		813,923	**552,873**
Current assets			
Inventories	21	213,254	148,917
Contract assets	22	103,417	62,133
Trade receivables	22	212,734	165,259
Other current financial assets	20	33,602	27,217
Tax receivables	23	21,018	25,063
Other receivables	24	33,010	26,341
Cash and cash equivalents	25	228,740	411,039
		845,775	**865,969**
Total assets		**1,659,698**	**1,418,842**
Equity and liabilities			
Equity			
Share capital	26	21,698	21,698
Reserves and Retained Earnings	26	831,583	686,055
Net profit attributable to equity holders of the parent	26	142,849	134,321
Equity attributable to equity holders of the parent		**996,130**	**842,074**
Non-controlling interests	36	(220)	(415)
Total equity		**995,910**	**841,659**
Non-current liabilities			
Non-current financial liabilities	28, 35	148,407	202,296
Employees Benefits	30	8,315	11,853
Provisions	31	5,552	3,499
Deferred tax liabilities	14	20,952	19,105
Other non-current liabilities	32	18,060	1,808
		201,286	**238,561**
Current liabilities			
Current financial liabilities	28, 35	70,754	46,195
Trade payables	33	239,179	164,787
Contract Liabilities	34	14,847	18,771
Advances from customers	34	26,568	23,616
Tax payables	23	41,655	19,440
Other liabilities	33	69,499	65,813
		462,502	**338,622**
Total liabilities		**663,788**	**577,183**
Total equity and liabilities		**1,659,698**	**1,418,842**

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STEVANATO GROUP S.P.A.

Consolidated statement of changes in equity

for the years ended December 31, 2022 and 2021

	Notes	Share capital	Share Premium Reserve	Treasury shares	Cash flow hedge reserve	Cost of hedging 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
							(EUR thousand)					
At January 1, 2022		**21,698**	**389,312**	**(27,740)**	**(1,277)**	**—**	**(745)**	**(22,680)**	**483,506**	**842,074**	**(415)**	**841,659**
Other comprehensive income	26	—	—	—	6,648	(179)	671	7,069	—	**14,209**	28	**14,237**
Net profit		—	—	—	—	—	—	—	142,849	**142,849**	167	**143,016**
Total comprehensive income		**—**	**—**	**—**	**6,648**	**(179)**	**671**	**7,069**	**142,849**	**157,058**	**195**	**157,253**
Dividends	27	—	—	—	—	—	—	—	(13,500)	**(13,500)**	—	**(13,500)**
Share-based incentive plans	26	—	—	—	—	—	—	—	10,498	**10,498**	—	**10,498**
Total effects		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(3,002)**	**(3,002)**	**—**	**(3,002)**
At December 31, 2022		**21,698**	**389,312**	**(27,740)**	**5,371**	**(179)**	**(74)**	**(15,611)**	**623,353**	**996,130**	**(220)**	**995,910**

	Notes	Share capital	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
						(EUR thousand)					
At January 1, 2021		**20,002**	**—**	**(26,189)**	**(3,345)**	**(675)**	**(34,911)**	**355,613**	**310,495**	**(355)**	**310,140**
Other comprehensive income	26	—	—	—	2,068	(70)	12,231		**14,229**	12	**14,241**
Net profit		—	—		—	—	—	134,321	**134,321**	(52)	**134,269**
Total comprehensive income		**—**	**—**	**—**	**2,068**	**(70)**	**12,231**	**134,321**	**148,550**	**(40)**	**148,510**
Dividends	27	—	—	—	—	—	—	(11,200)	**(11,200)**	—	**(11,200)**
Capital increase	26	1,696	410,563	—	—	—	—	—	**412,259**	—	**412,259**
Transaction costs on capital increase	26	—	(27,962)	—	—	—	—	—	**(27,962)**	—	**(27,962)**
Taxes relating to capital increase costs	26	—	6,711	—	—	—	—	—	**6,711**	—	**6,711**
Other		—	—	(1,551)	—	—	—	4,772	**3,221**	(20)	**3,201**
Total effects		**1,696**	**389,312**	**(1,551)**	**—**	**—**	**—**	**(6,428)**	**383,029**	**(20)**	**383,009**
At December 31, 2021		**21,698**	**389,312**	**(27,740)**	**(1,277)**	**(745)**	**(22,680)**	**483,506**	**842,074**	**(415)**	**841,659**

STEVANATO GROUP S.P.A.

Consolidated statement of cash flows

for the years ended December 31, 2022 and 2021

	Notes	For the years ended December 31, 2022	2021
		(EUR thousand)	
Operating activities			
Profit before tax		**187,641**	**165,673**
Adjustments:			
Depreciation and impairment of property, plant and equipment	10	50,382	42,676
Amortization of intangible assets and Right of Use	10	14,441	13,706
Allowance for doubtful accounts	22	(788)	(1,291)
Net finance expense/ (income)		9,874	(1,239)
Share of profit or loss of associated companies		—	(547)
(Gain)/Loss from the disposal of non-current assets		(126)	(579)
Change in other provisions and in employee benefits		(8,984)	(7,130)
Other non-cash expenses, net		(2,886)	(3,382)
Working capital changes:			
- inventories and contract assets		(107,367)	(31,204)
- trade receivables and other assets		(46,424)	(54,765)
- trade payables, contract liabilities, advances and other liabilities		36,052	44,337
Interest paid		(3,466)	(4,388)
Interest received		752	624
Income tax paid		(25,789)	(29,155)
Cash Flow from operating activities		**103,312**	**133,336**
Cash Flow from investing activities			
Purchase of property, plant and equipment		(235,029)	(107,691)
Proceeds from sale of property plant and equipment		146	1,169
Purchase of intangible assets		(8,098)	(5,489)
Proceeds from sale of associated companies		—	14,812
Investment in financial assets		31	773
Net cash flows used in investing activities		**(242,950)**	**(96,426)**
Cash Flow from financing activities			
Net proceeds from IPO	25	—	380,090
Acquisition of non-controlling interests		—	—
Payment of financial payables for shares acquisition		—	(8,221)
Dividends paid	27	(13,500)	(11,200)
Payment of principal portion of lease liabilities		(6,595)	(6,498)
Proceed from loans		13,207	8,050
Repayments of loans		(37,648)	(121,729)
Decrease in other current financial activities		—	14,355
Net cash flows from/(used in) financing activities		**(44,536)**	**254,847**
Net change in cash and cash equivalents		**(184,174)**	**291,757**
Net foreign exchange difference		1,875	3,683
Cash and cash equivalents at January 1		**411,039**	**115,599**
Cash and cash equivalents at December 31		**228,740**	**411,039**

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 China, in Latina, Italy, and in Piombino Dese, Italy, where construction on a new building is nearing completion. 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 December 31, 2021 and 2022, and for the years ended December 31, 2022 and 2021. The consolidated financial statements were authorized for issuance by resolution of the Board of Directors on April 5, 2023.

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*) and endorsed by European Union.

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, 2022	At December 31, 2022	Average for the year ended December 31, 2021	At December 31, 2021
CHINA	CNY	7.0788	7.3582	7.6282	7.1947
UNITED STATES	USD	1.0530	1.0666	1.1827	1.1326
MEXICO	MXN	21.1869	20.8560	23.9852	23.1438
DENMARK	DKK	7.4396	7.4365	7.4370	7.4364
BRAZIL	BRL	5.4399	5.6386	6.3779	6.3101
SWITZERLAND	CHF	1.0047	0.9847	1.0811	1.0331
JAPAN	JPY	138.0274	140.6600	129.8767	130.3800

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 revenue

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.

Revenue from the sale of products in the Biopharmaceutical and Diagnostic Solution segment

Revenue from the sale of products in the 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 the sale of products in the Engineering segment

Revenue from the sale of products in the 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 revenue 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 select 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 expect 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 revenue also include after-sales services, those mainly consists in the supply of spare parts to customers for machinery and equipment sold, other than maintenance activity on the machines sold. Such revenue is 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*.

Costs to obtain a contract

According to *IFRS 15* the Group recognizes incremental costs of obtaining a contract as an asset if the required criteria are met. Any capitalized contract costs assets is amortized on a systematic basis that is consistent with the entity's transfer of the related goods or services to the customer.

The Group present these costs in the statement of financial position as a separate class of intangible asset, with the amortization in the same line item as amortization of intangible assets within the scope of *IAS 38 - Intangible Assets*.

Capitalized contract costs are subject to an impairment assessment at the end of each reporting period. Impairment losses are recognized in profit or loss.

Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

The Group has elected to present the grant in the statement of financial position as other liability, which is recognized in profit or loss on a systematic and rational basis over the useful life of the asset.

The Group has chosen to present grants related to an expense item as other operating income in the statement of profit or loss.

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.

Transaction costs for 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 revenue 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, 2021 and December 31, 2022.

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 requirements in *IFRIC 23 - Uncertainty over Income Tax Treatments* whereby an entity considers 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 are 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:

	Biopharmaceutical and Diagnostic Solutions	Engineering	Holding
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.

Derivatives

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.

The Group designates only the spot element of forward contracts as a hedging instrument, forward points are formally excluded from the hedging relationship and accounted as cost of hedging. The forward element is recognized in OCI and accumulated in a separate component of equity under Cost of Hedging Reserve.

Impairment of non-financial assets

The Group tests whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's 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 of "initial beneficiaries" as defined in Note 30, or at the end of the relevant vesting period, in case of "new beneficiaries". 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 "initial beneficiaries" are bound to re-sell the shares to Stevanato Group S.p.A. at a determined price. In the event of certain over-performances to the defined financial targets, the "initial 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. With reference to "new beneficiaries" the effectiveness of the rights attributed to each of them is conditional upon the verification by the Stevanato Group's administrative body of the degree of achievement of the performance target provided in relation to the vesting period.

The value corresponding to the consideration that Stevanato Group S.p.A. has to pay in case of re-purchase of the shares from the "initial beneficiaries" is recorded on the income statement among personnel costs at the grant date and a liability for employee benefits is recognized. 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 recoginzed. Fair value is determined at the assignment date, reflecting the market conditions prevailing at the date in question.

At each reporting date, the Group revises 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.

Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made.

That cost is recognized in employee benefits expense, together with a corresponding increase in a reserve of shareholder's equity, over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

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.

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 on which it is allocated 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.

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.

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 can be 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, 2022, 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, 2022 but did not require changes to accounting policies or retrospective adjustments.

- Amendments to *IFRS 3 - Reference to the Conceptual Framework*,
- Amendments to *IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use,*
- Amendments to *IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract.*

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. The amendments did not have a material impact on the Group.

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 did not 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 amendments did not have a material impact on 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 Classification of Liabilities as Current or Non-current (the "2020 amendments"). The 2020 amendments clarified aspects of how entities classify liabilities as current or non-current; especially how an entity assesses whether it has the right to defer settlement of a liability when that right is subject to compliance with specified conditions within twelve months after the reporting period.

In July 2020, due to the Covid pandemic the IASB issued Classification of Liabilities as Current or Non-current – Deferral of Effective Date which deferred the application date of the 2020 amendments to annual reporting periods starting on or after January 1, 2023.

In December 2020, after informal feedback and enquiries received from stakeholders, the IFRS Interpretations Committee issued a tentative agenda decision clarifying how the 2020 amendments where to be applied for liabilities with covenants in particular fact patterns. Respondents to the tentative agenda decision raised concerns about the outcomes and potential consequences of the 2020 amendments in some situations (e.g., when covenants are negotiated that will have to be complied with after the reporting period end due to seasonality reasons). The IFRS Interpretation Committee reported this feedback to the IASB, highlighting new information (e.g. the seasonality issue) that the IASB had not considered when developing the 2020 amendments.

In October 2022, after having issued its Exposure Draft ED/2021/9 Non-current Liabilities with Covenants in November 2021, the IASB issued Amendments to IAS 1: Non-current Liabilities with Covenants which amended parts of the 2020 amendments with the aim to improve the information an entity provides when it has the right to defer settlement of a liability arising from a loan arrangement for at least twelve months subject to compliance with covenants, in addition to addressing concerns about the classification of such liabilities as current or non-current.

The Amendments provide enhanced clarity relating to the issue of settlement by adding new guidance in IAS 1. The Amendments provide enhanced guidance on the interpretation of right to defer by amending existing requirements and adding guidance in IAS 1. The Amendments also provide enhanced information for users by requiring disclosures about the existing covenants and facts and circumstances, if any that indicate the entity may have difficulty complying with covenants.

Applying the Amendments an entity shall:

(a) classify a liability as current, when one or more of the criteria in paragraph 69(a) to (c) of IAS 1 is met or, when it does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period (see paragraph 69(d) of IAS 1);

(b) classify a liability as current or non-current unaffected by management's intent or expectations about whether the entity will exercise its right to defer settlement (guidance in new paragraphs 75A of IAS 1);

(c) apply enhanced guidance on the notion of settlement (guidance in new paragraphs 76A and 76B of IAS 1);

(d) apply new guidance in paragraphs 72A and 72B of IAS 1, partly amended guidance in paragraphs 73 and 74 of IAS 1 and the guidance in paragraph 75 of IAS 1 when considering whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. A short description of the content of the new and amended requirements is that an entity considers the covenant in a loan arrangement if the entity is required to comply with the covenant on or before the end of the reporting period, and does not consider the covenant in a loan arrangement if the entity is only required to comply with the covenant based on facts and circumstances after the reporting period;

(e) provide certain disclosures when it has classified a liability arising from a loan arrangement as non-current and the right is subject to the entity complying with covenants within twelve months after the reporting period (requirements in new paragraph 76ZA of IAS 1);

(f) apply enhanced guidance (in amended paragraph 76 of IAS 1) on disclosures in case of non-adjusting events in accordance with IAS 10 Events after the reporting period.

The Amendments are effective for annual reporting periods beginning on or after January 1, 2024 with earlier application permitted. If an entity decides to apply early any parts of the Amendments, then the entity has to disclose that fact and has to early apply all of the Amendments from the same date. An entity applies the Amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

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, 2022 and 2021 is as follows:

Subsidiaries

The consolidated financial statements of the Group include the following list of company directly or indirectly controlled:

					% equity interest	
Name	**Segment**	**Description**	**Country of incorporation**	**Type of control**	**2022**	**2021**
Nuova Ompi S.r.l.	Biopharmaceutical	Production of drug containment solutions 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 solutions	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 solutions	Mexico	Direct Indirect	30.76% 69.24%	30.76% 69.24%
Ompi of America inc.	Biopharmaceutical	Sale of drug containment solutions and analytical services	USA	Direct Indirect	83.73% 16.27%	0% 100%
Ompi do Brasil I. e C. de Em. Far. Ltda	Biopharmaceutical	Production of drug containment solutions	Brazil	Direct Indirect	79% 21%	79% 21%
Innoscan A/S	Engineering	Production plant and machinery	Denmark	Indirect	—	100%
Ompi Pharm. Packing Techn. Co. Ltd	Biopharmaceutical	Production of drug containment solutions	China	Indirect	100%	100%
SVM Automatik A/S	Engineering	Production plant and machinery	Denmark	Indirect	100%	100%
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 solutions	Japan	Direct	51%	51%

The scope of consolidation as at December 31, 2022 is essentially unchanged compared to December 31, 2021. On December 31, 2022, the extraordinary shareholders' meetings held at the Innoscan A/S and SVM Automatik A/S approved the merger of the non-surviving company Innoscan A/S into the surviving company SVM Automatik A/S. The transaction is effective for accounting purposes as of January 1, 2022.

Non-controlling interests

The non-controlling interests as at December 31, 2022 and 2021 and the net profit attributable to non-controlling interests for the years ended December 31, 2021 and 2022 relate to Ompi of Japan Co., Ltd. and Medical Glass a.s.. For further details refer to Note 36.

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 the products, processes and services developed and provided in connection with the containment and delivery of pharmaceutical and biotechnology drugs and reagents (such as vials, cartridges, syringes and drug delivery systems like pen injectors, auto injectors and wearables), as well as the production of diagnostic consumables;
- *Engineering,* which includes the equipment and technologies developed and provided to support the end-to-end pharmaceutical, biotechnology and diagnostic manufacturing processes (assembly, visual inspection, packaging and serialization and glass converting).

In 2022, Stevanato Group generated 81% of total sales from the Biopharmaceutical and Diagnostic Solutions segment (82% in 2021), and 19% from the Engineering segment (18% in 2021).

The 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. The production of Drug Containment Solutions (DCS) accounts for more than 50% of total sales and represents the Group's core business. The glass manufacturing process multiplies complex and requires sophisticated industrial processes, to form, treat, inspect and package drug containment and delivery products. The critical phases of Stevanato Group's 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 Solutions 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 also provides analytical services and regulatory support exclusively to its customers, as ancillary services to the supply of DCS. Stevanato Group's analytical testing facilities in Piombino Dese, Italy, and Boston, Massachusetts, focus on investigating the physiochemical properties of primary packaging materials and components and studying the interactions between drug containment solutions and the drugs they will contain. 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.

The Engineering Segment designs, develops and produces equipment and machinery for both in-house use and the sale to customers (which includes some of Stevanato Group's 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, 2022				
	Biopharmaceutical and Diagnostic Solutions	**Engineering**	**Total segments**	**Adjustments, eliminations and unallocated items**	**Consolidated**
	(EUR thousand)				
External Customers	799,652	184,028	983,680	—	983,680
Inter-Segment	1,585	115,472	117,057	(117,057)	—
Total Revenue	801,237	299,500	1,100,737	(117,057)	983,680
Cost of Sales	526,370	234,826	761,196	(97,317)	663,879
Gross Profit	**274,867**	**64,674**	**339,541**	**(19,740)**	**319,801**
Other operating income	18,985	13	18,998	(148)	18,850
Selling and Marketing expenses	12,287	2,430	14,717	11,369	26,086
Research and Development expenses	25,169	6,542	31,711	2,676	34,387
General and Administrative expenses	73,816	14,431	88,247	(2,500)	85,747
Operating Profit	**182,580**	**41,284**	**223,864**	**(31,433)**	**192,431**
Total assets	**1,259,124**	**370,851**	**1,629,975**	**29,723**	**1,659,698**
Total liabilities	**511,022**	**256,835**	**767,857**	**(104,069)**	**663,788**

	As at and for the year ended December 31, 2021				
	Biopharmaceutical and Diagnostic Solutions	**Engineering**	**Total segments**	**Adjustments, eliminations and unallocated items**	**Consolidated**
	(EUR thousand)				
External Customers	694,038	149,882	843,920	—	843,920
Inter-Segment	1,134	68,979	70,113	(70,113)	—
Total Revenue	695,172	218,861	914,033	(70,113)	843,920
Cost of Sales	465,304	176,604	641,908	(63,393)	578,515
Gross Profit	**229,868**	**42,257**	**272,125**	**(6,720)**	**265,405**
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
Operating Profit	**149,055**	**22,900**	**171,955**	**(9,730)**	**162,225**
Total assets	**885,733**	**253,767**	**1,139,500**	**279,342**	**1,418,842**
Total liabilities	**335,919**	**163,661**	**499,580**	**77,603**	**577,183**

Inter-segment revenue and costs are eliminated upon consolidation and reflected in the “adjustments, elimination and unallocated items” column. The most relevant adjustment in revenue 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:

	For the years ended December 31,	
	2022	**2021**
	(EUR thousand)	
Segments Operating Profit	**223,864**	**171,955**
Finance income	25,050	21,709
Finance expense	29,840	18,808
Share of profit of an associate	—	547
Inter-segment elimination	(31,433)	(9,730)
Profit Before Tax	**187,641**	**165,673**

For the years ended December 31, 2022 and 2021, no external customer exceeds 10% of group’s revenue.

Year ended December 31, 2022, versus year ended December 31, 2021:

For the year ended December 31, 2022 revenue generated by the Biopharmaceutical and Diagnostic Solutions segment increases by 15.3% (EUR 106,065 thousand) mainly driven by increased revenue from premium priced, high-value solutions and the positive effect of forex of EUR 26,961 thousand. Gross profit margin of this segment increases from 33.1% in 2021 to 34.3% in 2022 due to the shift of revenue towards more accretive high value solutions. Biopharmaceutical and Diagnostic Solutions segment operating profit margin increases from 21.4% for the year ended December 31, 2021 to 22.8% for the year ended December 31, 2022.

For the year ended December 31, 2022, Engineering Segment revenue increases by EUR 80,639 thousand or 36.8% primarily as a result of a steep increase in the inter-segment revenue to support the build out of the Group's global capacity expansion and solid growth from external customers across all business lines including after-sales.

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 25. 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 30 and Note 28 respectively.

6. Revenue from contract with customers

Disaggregated revenue information

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

	For the year ended December 31, 2022		
	Biopharmaceutical and Diagnostic Solutions	**Engineering**	**Total**
	(EUR thousand)		
Type of goods or service			
Revenue from high-value solutions	293,229	—	293,229
Revenue from other containment and delivery solutions	506,423	—	506,423
Revenue from engineering	—	184,028	184,028
Total revenue from contracts with customers	**799,652**	**184,028**	**983,680**
Geographical markets			
EMEA	502,066	97,646	599,712
APAC	70,332	29,930	100,262
North America	198,153	52,685	250,838
South America	29,101	3,767	32,868
Total revenue from contracts with customers	**799,652**	**184,028**	**983,680**
Timing of revenue recognition			
Goods and services transferred at a point in time	780,903	17,179	798,082
Goods and services transferred over time	18,749	166,849	185,598
Total revenue from contracts with customers	**799,652**	**184,028**	**983,680**

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

The Group revenue 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:
    - 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;
    - 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 revenue at current exchange rates increase by EUR 139,760 thousand, or 16.6%, to EUR 983,680 thousand for the year ended December 31, 2022, compared to EUR 843,920 thousand for the year ended December 31, 2021. Currency movements, mainly in USD, had a positive impact in 2022. Excluding this effect, consolidated revenue at constant currency exchange rates increase by 13.4% for the year ended December 31, 2022.

With reference to Biopharmaceutical and Diagnostic Solutions segment, revenue from high-value solutions increases by EUR 85,414 thousand or 41.1% to EUR 293,229 thousand for the year ended December 31, 2022 compared to EUR 207,815 thousand for the year ended December 31, 2021. Revenue in other containment and delivery solutions increases by EUR 20,200 thousand, or 4.2%, to EUR 506,423 thousand for the year ended December 31, 2022 compared to EUR 486,223 thousand for the year ended December 31, 2021.

Engineering segment revenue from contracts with external customers increases by EUR 34,146 thousand, or 22.8%, to EUR 184,028 thousand for the year ended December 31, 2022 compared to EUR 149,882 thousand for the year ended December

31, 2021 driven by higher sales to external customers across all business lines, including visual inspection systems, assembly and packaging machines, glass converting machines, and aftersales activities.

For the year ended December 31, 2022, consolidated revenue increases in North America (by EUR 43,877 thousand or 21.2%), in EMEA (by EUR 106,238 thousand or 21.5%), in South America (by EUR 7,130 thousand or 27.7%) and decreases in the APAC market (by EUR 17,485 thousand or 14.8%).

For the year ended December 31, 2022, revenue related to goods and services transferred over time decreases by EUR 7,572 thousand, or 28.8%, in the In-Vitro Diagnostic business. Revenue recognized over time increases in the Engineering segment by EUR 52,444 thousand, or 45.8%, mainly due to new contracts and continued progress on orders where the Group has an enforceable right to payment for the performance completed to date.

Contract balances

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

	At December 31, 2022	At December 31, 2021
	(EUR thousand)	
Trade Receivables	212,734	165,259
Contract Assets	103,417	62,133
Contract Liabilities	(14,847)	(18,771)
Advances From Customers	(26,568)	(23,616)
Total	**274,736**	**185,005**

The contract assets mainly relate to the Group's right to consideration for production from construction contracts 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 amounting to EUR 62,563 thousand in 2022 (EUR 11,736 thousand in 2021). As of December 31, 2022, the aggregate amount of the transaction price allocated to the remaining performance obligation is EUR 15,276 thousand (EUR 74,996 thousand as of December 31, 2021) 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:

	For the years ended December 31, 2022	2021
	(EUR thousand)	
Purchases	358,892	296,105
Change in inventories	(32,897)	9,193
Direct industrial labor	130,637	114,807
Indirect industrial labor	61,194	50,339
Industrial depreciation and amortization	53,550	46,258
Other costs of sales	92,503	61,813
Total Cost of sales	**663,879**	**578,515**

Cost of sales for the year ended December 31, 2022 amounts to EUR 663,879 thousand (EUR 578,515 thousand in 2021), 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 53,550 thousand (EUR 46,258 thousand in 2021).

All Cost of sales items increase in the year ended December 31, 2022 as a result of the significant growth in sales volumes. In particular, the increase in purchases includes increases in logistical costs and other factors linked to inflation that impacted the main sources of supply. Industrial depreciation and amortization increase due to the availability for use of machinery installed in the previous months to increase production capacity. Other costs of sales increased mainly due to the increase in subcontracting work and a significant rise in utilities cost, which doubled in 2022 compared to 2021 due to the worldwide increase in natural gas and electricity rates.

For the year ended December 31, 2022, cost of sales is also positively affected by EUR 6,465 thousand subsidies granted by the Italian and Slovakian governments meant to businesses and families to cope with the energy prices increase. In particular, companies classified as large consumers of energy and natural gas were granted - under certain conditions - a special subsidy on the price of electricity and natural gas consumed during the year. The grants were given to help offset the significant rise in utilities costs and mitigate the impact to businesses. The grants are in effect through the first quarter of 2023 at which time the government is expected to evaluate a continuation of the grants.

8. Other operating income

Other operating income for the year ended December 31, 2022 amounts to EUR 18,850 thousand (EUR 9,386 thousand in 2021), relating mainly 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 modification fees and (vii) other recharges.

In particular, for the year ended December 31, 2022, other income includes approximately EUR 7.6 million related to contract modifications disclosed in the second and third quarters of 2022, of which a portion was tied to a decrease in COVID-19 related orders.

Other operating income also includes a contribution of EUR 3 million from a strategic partner for the joint development of the intellectual property underlying an SG proprietary product which was accrued in the fourth quarter of fiscal year 2022.

For the year ended December 31, 2022 other operating income includes grants of EUR 156 thousand received by Ompi Pharma Packaging Tech. Co Ltd and Stevanato Group S.p.A.:

- grant of EUR 150 thousand for machinery technical renovation to support the implementation of intelligent manufacturing projects;

- tax credit of EUR 6 thousand for sanification connected to COVID-19.

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:

- grant of EUR 106 thousand for machinery technical renovation to support implementation of intelligent manufacturing projects;

- tax credit of EUR 28 thousand for sanification connected to COVID-19.

9. Expenses

Expenses are detailed as follows:

	For the years ended December 31,	
	2022	**2021**
	(EUR thousand)	
Selling and Marketing expenses	26,086	20,448
Research and Development expenses	34,387	29,616
General and Administrative expenses	85,747	62,502
Total Expenses	**146,220**	**112,566**

For the year ended December 31, 2022 Selling and Marketing expenses amount to EUR 26,086 thousand and EUR 20,448 thousand in 2021. These expenses are mainly related to personnel expenses for the sales organizations. They also include depreciation and amortization for EUR 722 thousand and EUR 787 thousand in 2021 and release of the provision for bad and doubtful debts for EUR 759 thousand (EUR 933 thousand release in 2021) of which EUR 770 thousand as release of the provision for expected credit losses and EUR 11 thousand as a write-off. For the year ended December 31, 2021 the release for expected credit loss amounts to EUR (936) thousand while the write-off amounts to EUR 3 thousand.

Selling and Marketing expenses increase by EUR 5,638 thousand in 2022 compared to the previous year is due to higher costs for business development. This includes industry events, strategic marketing and travel costs, as business development activities returned to pre-pandemic levels during fiscal year 2022.

Research and Development expenses amounting to EUR 34,387 thousand for the year ended December 31, 2022 (EUR 29,616 thousand in 2021) include costs for research and development activities to support the innovation of products and components and include amortization of capitalized development costs for EUR 3,468 thousand (EUR 3,353 thousand in 2021).

Research and Development expenses increase by EUR 4,771 thousand in 2022 compared to 2021 is primarily due to an increase in personnel expenses related to new hires and time spent on R&D related activities to maintain and accelerate the Group market-leading position.

For the year ended December 31, 2022, General and Administrative expenses amount to EUR 85,747 thousand (EUR 62,502 thousand in 2021) and mainly comprise personnel expenses for administrative functions, consultancies, directors compensation, rental fees as well as, depreciation and amortization for EUR 7,082 thousand (EUR 5,985 thousand in 2021), of which amortization of fair value adjustments from purchase price allocations amount to EUR 1,039 thousand (EUR 1,039 thousand in 2021).

General and Administrative expenses increase by EUR 23,245 thousand is mainly due to higher labor costs for the year ended December 31, 2022 compared to the year ended December 31, 2021 to support the growth in the business. This was offset by a benefit of EUR 9,884 thousand from the reversal of an accrual in connection with the termination of the incentive plans 2012-2021 and 2018-2022 which were replaced by the new stock grant plan 2021-2027. The effects of the accrual reversal for the year ended December 31, 2021 were partially offset by a EUR 6,526 thousand discretionary, out-of-cycle bonus to personnel. In addition, General and Administrative expenses increase in 2022 compared to 2021 due to an increase in personnel costs linked to the structuring of the Americas Region and to non-recurring, start-up costs amounting to EUR 2,585 thousand mainly related to the new EZ-fill® hub in Fishers, Indiana, U.S.. Finally, the increase in costs associated with the status of being listed on the NYSE, such as insurance and other organizational structure costs, as well as higher IT costs, unfavorably impacted General and Administrative expenses for the year ended December 31, 2022.

10. Other information by nature

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

	For the years ended December 31, 2022	2021
	(EUR thousand)	
Personnel	64,543	46,489
Other Costs and Incomes	71,164	56,886
Depreciation and Amortization	11,273	10,124
Expected Credit Losses	(760)	(933)
Total Expenses	**146,220**	**112,566**

Depreciation and amortization can be broken down as follows:

	For the years ended December 31, 2022	2021
	(EUR thousand)	
Cost of sales	53,550	46,258
Selling and Marketing expenses	722	787
Research and Development expenses	3,468	3,353
General and Administrative expenses	7,082	5,985
Total Depreciation & Amortization	**64,822**	**56,383**

For further details on amortization and depreciation for the years ended December 31, 2022 and 2021, reference should be made to the movements in property, plant and equipment, intangible assets and right of use assets. (Note 17 - 18 - 35).

11. Finance income

Finance income are as follows:

	For the years ended December 31, 2022	2021
	(EUR thousand)	
Interest income from banks deposits	648	538
Income from financial discounts	8	18
Interest income on loans to associates	—	10
Other financial income	96	57
Gain from the sale of an associate	—	12,258
Foreign currency exchange rate gains	19,995	7,588
Derivatives revaluation	3,551	950
Other fair value adjustments	752	290
Total finance income	**25,050**	**21,709**

For the year ended December 31, 2021 the Group realized a gain of EUR 12,258 thousand from the sale of the entire share capital of Swissfillon AG, of which the sub holding Stevanato Group International held 26.94% of the share capital. 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. 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.

12. Finance expense

Finance expense are as follows:

	For the years ended December 31,	
	2022	**2021**
	(EUR thousand)	
Interest on debts and borrowings	3,363	4,286
Financial discounts and other expenses	102	102
Interest on lease liabilities	573	585
Financial component IAS 19	118	28
Foreign currency exchange losses	19,136	10,172
Derivatives devaluation	5,966	3,211
Other fair value adjustments	582	424
Total finance expense	**29,840**	**18,808**

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 859 thousand for the year ended December 31, 2022, EUR (2,584) thousand for the year ended December, 31 2021.

For the year ended December 31, 2021, 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.

The net loss on derivative instruments at fair value through profit or loss relates to foreign exchange forward contracts that did not qualify for hedge accounting.

13. Employee benefits expense

Employee benefits expense are detailed as follows:

	For the years ended December 31, 2022	2021
	(EUR thousand)	
Included in Cost of sales:		
Wages and salaries	154,852	134,619
Social security costs	30,721	25,610
Pension costs	5,970	4,917
Share-based payment expense	287	—
Included in Selling and Marketing expenses:		
Wages and salaries	13,978	12,716
Social security costs	1,606	1,531
Pension costs	433	403
Share-based payment expense	1,024	—
Included in General and Administrative expenses:		
Wages and salaries	22,272	26,106
Social security costs	3,612	3,589
Pension costs	510	545
Cash settled awards	—	(10,831)
Share-based payment expense	5,991	1,740
Included in Research and Development expenses:		
Wages and salaries	12,463	9,089
Social security costs	1,496	1,270
Pension costs	358	331
Share-based payment expense	800	—
Total employee benefits expense	**256,373**	**211,635**

For the year ended December 31, 2022 personnel costs amount to EUR 256,373 thousand (EUR 211,635 thousand in 2021).

For the year ended December 31, 2022 personnel costs increased by EUR 44,738 thousand compared to the year ended December 31, 2021. The increase in personnel costs included in Cost of Sales is driven by the increase in personnel to support the growth of the business, annual merit increases, inflationary adjustments and legislative provisions.
The increase in personnel costs included in Research and Development is mainly due to the increase in personnel and time spent on R&D activities to maintain and accelerate the Group market-leading position.
The increase in General and Administrative personnel expenses for the year ended December 31, 2022 is mainly due to the cost accrued under new stock grant plan 2021-2027, as amended in 2022, and the increase in personnel costs linked to the structuring of Americas Region. The change is further explained considering that the year ended December 31, 2021 was positively affected by a non-recurring accrual reversal of EUR (9,884) thousand related to cash settled awards under incentive plans 2012-2021 and 2018-2022 (which were terminated early in favor of the new stock grant plan 2021-2027) which was only partially offset by a non-recurring out of cycle bonus to personnel amounting to EUR 6,526 thousand.
For further details on "SG Restricted Stock Grant Plan 2021-2027" please refer to Note 30.

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

	For the years ended December 31,	
	2022	**2021**
Executives	57	51
Managers	137	126
Employees	4,781	4,284
Total Workforce	**4,975**	**4,461**

14. Income tax

Income tax expense is as follows:

	For the years ended December 31,	
	2022	**2021**
	(EUR thousand)	
Current income tax:		
Current Taxes	57,400	35,093
Prior Years Taxes	215	(6,544)
Deferred tax:		
Deferred Taxes	(12,990)	2,855
Income tax expense reported in the statement of profit or loss	**44,625**	**31,404**

	For the years ended December 31,	
	2022	**2021**
	(EUR thousand)	
Deferred tax related to items recognized in OCI during in the year:		
Gains/(losses) from remeasurement of employee of defined benefit plans and of agent termination plans	(236)	26
Change in the fair value of hedging instruments	(2,043)	(653)
Deferred tax charged to OCI	**(2,279)**	**(627)**

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.

	For the years ended December 31,	
	2022	**2021**
	(EUR thousand)	
Accounting profit before income tax	**187,641**	**165,673**
Statutory income tax rate of 27.9%	52,202	46,223
Prior years taxes	215	(6,544)
DTA recognized on tax losses carry-forward	750	(1,947)
Taxes effect on unremitted earnings	1,488	400
Step up	—	—
Change notional rate	—	—
Tax grants/not taxable items	(8,477)	(1,157)
Tax exemption on gain from the sale of an associate	—	(3,378)
Different foreign tax rate effect	(1,553)	(2,193)
At the effective income tax rate of 23.78% (18.96% in 2021)	**44,625**	**31,404**
Income tax expense reported in the statement of profit or loss	44,625	31,404

Effective group's tax rate for the year ended December 31, 2022, increased to 23.78% compared to 18.96% for the year ended December 31, 2021 mainly due to the fact that the previous year was positively affected by a relevant non-recurring item (the tax credit deriving from the "Patent Box regime" as described below).

For the year ended December 31 2022, the Group benefited from tax grants or similar totaling EUR 8,477 thousand, which are broken down as follows:

- EUR 1,641 thousand related to the not taxable energy bonus granted by the Italian Government;

- EUR 2,216 thousand related to the so-called ACE effect (e.g. tax benefit on retained earnings and capital increase);

- EUR 3,700 thousand related to the so called Industry 4.0. incentives (e.g. on investments in high technology capex), whose main beneficiary is the Italian subsidiary Nuova Ompi S.r.l.;

- EUR 920 thousand related to various tax grants/benefits.

For the year ended December 31, 2021, income tax expense was affected by the following non-recurring items:

- a release of deferred tax assets for EUR 2,421 thousand related to equity movements due to the early termination of legacy 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, 2022 and as at December 31, 2021 amounts to EUR 7,978 thousand and to EUR 3,800 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:

	At December 31, 2022	At December 31, 2021
	(EUR thousand)	
Timing of unrecognized tax losses carry-forwards		
2022	—	16
2023	336	320
2024	369	351
2025	331	315
2026	334	318
2027	3,860	274
2028	404	—
2029	129	—
Unlimited	2,215	2,206
Total unrecognized tax losses	**7,978**	**3,800**

The analysis of deferred tax assets and deferred tax liabilities as at December 31, 2022 and 2021 is as follows:

	Consolidated statement of financial position	
	At December 31, 2022	At December 31, 2021
	(EUR thousand)	
Other intangible assets	(4,179)	(3,167)
Tangible assets	19,746	12,178
Work in progress	(12,329)	(5,156)
Revaluations of investment properties to fair value	6,807	8,009
Expected credit losses of debt financial assets	1,217	1,429
Derivatives	(1,640)	403
Leases	331	251
Long term incentives	51	816
Cash settled awards	—	325
Provisions	6,631	2,351
Accruals and other provisions	164	62
Tax losses carry forward	26,941	14,888
Dividends	(2,260)	(1,300)
Start up costs IPO SG spa	4,026	5,369
Share-based compensation plans	325	—
Other effects	2,427	314
Deferred tax assets, net	**48,258**	**36,772**
Reflected in the statement of financial position as follows:		
Deferred tax assets	69,210	55,877
Deferred tax liabilities	(20,952)	(19,105)
Deferred tax assets, net	**48,258**	**36,772**

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:

	2022	2021
	(EUR thousand)	
As of January 1	**36,772**	**33,929**
Tax expense during the period recognized in profit or loss	12,990	(2,855)
Tax income/(expense) during the period recognized in OCI	(2,279)	(627)
DTA on IPO transaction costs on capital increase	—	6,711
Other effect	775	(386)
As at December 31	**48,258**	**36,772**

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.

As of December 31, 2022 and 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 30 for further details on the share-based incentive plans).

The Shareholder's meetings held on March 4, 2021 and on July 1, 2021 approved respectively, two different share splits. 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:

	At December 31, 2022	At December 31, 2021
	(EUR thousand)	
Profit attributable to ordinary equity holders of the parent	**142,849**	**134,321**
Weighted average number of ordinary shares for basic EPS	**264,699,481**	**252,670,872**
Weighted average number of ordinary shares adjusted for the effect of dilution	**264,701,062**	**252,690,321**

	2022	2021
Basic earnings per common share (in EUR)	0.54	0.53
Diluted earnings per common share (in EUR)	0.54	0.53

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 solutions (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 the impairment test on goodwill, the Management has identified two different cash-generating units (CGUs) within the Biopharmaceutical and Diagnostic Solutions segment, the Drug Containment Solutions (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 solutions 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 physiochemical properties of primary packaging materials and studying the interactions between drug containment system and the drugs they will contain. 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 services to customer in the pharma, diagnostic and medical markets. The Group's business line provides integrated solutions from early development to launched combination products. 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 for the pharma sector including glass forming 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 adopt 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:

	At December 31, 2022	**At December 31, 2021**
	(EUR thousand)	
Drug Containment Solutions	4,976	4,976
In-vitro Diagnostic Consumables & Drug Delivery Systems	26,828	26,828
Engineering Systems	15,438	15,438
Total Goodwill	**47,243**	**47,243**

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 (2023-2028) and the second corresponding to a terminal value derived with inertial criteria for the period after 2028. 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 (2023-2028) 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 different product mixes, shifting to high-value solutions sales, expanding the SG EZ-fill® industrial footprint to address customer proximity and reshoring needs, completing the development of the DDS proprietary product portfolio and development CDMO opportunities, and continuing business optimization efforts in engineering. 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, 8.6% for DCS and for IVD & DDS and 8.8% 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 6.3% for DCS and for IVD & DDS and 6.2% 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 20.86%, or an average contraction of EBITDA at Continuing Value (everything else equal) of 42.62%. The same indicators for the IVD & DDS CGU were respectively 9.89% for the WACC and 9.37% for EBITDA at CV. With regards to the ESD CGU, these indicators equated to a reduction in the EBITDA at CV of 68.73% and a WACC of 26.87%.

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, 2022 are as follows:

	Development costs	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Intangible fixed assets in process and advances	Other intangible assets	Costs to obtain a contract	Total
				(EUR thousand)			
Cost							
At January 1, 2021	**17,113**	**14,860**	**25,370**	**1,588**	**10,952**	**—**	**69,883**
Additions	112	1,298	345	3,688	46	—	5,489
Disposals	(1,153)	(138)	—	(362)	(91)	—	(1,744)
Reclassifications	—	856	—	(856)	—	—	—
Exchange differences	9	47	162	15	399	—	632
At December 31, 2021	**16,081**	**16,923**	**25,877**	**4,073**	**11,306**	**—**	**74,260**
Additions	—	4,792	43	2,667	95	500	8,097
Disposals	—	—	—	—	—	—	—
Reclassifications	—	3,435	—	(3,593)	158	—	—
Exchange differences	—	105	(35)	—	347	—	417
At December 31, 2022	**16,081**	**25,255**	**25,885**	**3,147**	**11,906**	**500**	**82,773**
Amortization							
At January 1, 2021	**6,987**	**9,704**	**12,818**	**—**	**6,473**	**—**	**35,982**
Amortization	2,896	2,243	1,656	—	709	—	7,504
Disposal	(1,134)	(139)	—	—	(62)	—	(1,335)
Exchange differences	3	30	28	—	120	—	181
At December 31, 2021	**8,752**	**11,838**	**14,502**	**—**	**7,240**	**—**	**42,332**
Amortization	2,694	3,271	1,483	—	635	33	8,116
Disposal	—	—	—	—	—	—	—
Exchange differences	1	59	(8)	—	116	—	168
At December 31, 2022	**11,447**	**15,168**	**15,977**	**—**	**7,991**	**33**	**50,616**
Net book value							
At December 31, 2022	4,634	10,087	9,908	3,147	3,915	467	32,158
At December 31, 2021	7,329	5,085	11,375	4,073	4,066	—	31,928

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 4,792 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 9,908 thousand (EUR 11,375 thousand in 2021) 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 2,667 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.

The increase in Costs to obtain a contract is due to the capitalization of a fee paid to a strategic partner under a collaboration agreement that makes Stevanato Group the exclusive manufacturing partner for a drug delivery device, offering a full set of capabilities to its pharmaceutical customers.

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 2022 are as follows:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Assets under construction and advances	Total
	(EUR thousand)					
Cost						
At January 1, 2021	**148,331**	**375,902**	**41,189**	**11,316**	**61,293**	**638,031**
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 differences	1,946	6,358	379	227	732	9,642
At December 31, 2021	**159,915**	**445,739**	**46,269**	**12,891**	**89,946**	**754,760**
Additions	2,306	39,399	3,524	1,337	247,961	294,527
Disposals	(293)	(2,693)	(18)	(249)	(61)	(3,314)
Reclassifications	1,386	33,917	1,467	821	(37,591)	—
Exchange differences	3,109	7,402	398	382	(1,728)	9,563
At December 31, 2022	**166,423**	**523,764**	**51,640**	**15,182**	**298,527**	**1,055,535**
Depreciation and impairment						
At January 1, 2021	**63,563**	**222,804**	**29,900**	**8,107**	**—**	**324,374**
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 differences	689	2,912	154	170	—	3,925
At December 31, 2021	**69,431**	**248,482**	**35,057**	**9,073**	**—**	**362,043**
Depreciation charge for the year	5,948	36,628	6,250	1,512	—	50,338
Impairment	—	44	—	—	—	44
Disposals	(293)	(2,210)	(5)	(240)	—	(2,748)
Exchange differences	793	3,291	130	243	—	4,457
At December 31, 2022	**75,879**	**286,235**	**41,432**	**10,588**	—	**414,134**
Net book value						
At December 31, 2022	90,544	237,529	10,208	4,594	298,527	641,402
At December 31, 2021	90,484	197,257	11,212	3,818	89,946	392,717

The Group's property, plant and equipment mainly include:

- Land and buildings in the amount of EUR 90,544 thousand as at December 31, 2022 and EUR 90,484 thousand as at December 31, 2021, mainly consisting of industrial properties;
- Plant and machinery in the amount of EUR 237,529 thousand as at December 31, 2022 and EUR 197,257 thousand as at December 31, 2021 including machine and equipment for producing glass and plastic containers for pharmaceutical use;
- Assets under construction and advances in the amount of EUR 298,527 thousand as at December 31, 2022 and EUR 89,946 thousand as at December 31, 2021, including investments in production lines and machinery not yet completed and expected to enter into use in the coming years and the ongoing investments in the new facilities.

The yearly increase in property, plant and equipment amounts to EUR 294,527 thousand, of which 90% to support the Group growth strategy.

Increase in Land and buildings principally concerns the expansion of the industrial facilities mainly in the Mexican production plant.

The overall increases in Plant and machinery, considering both the yearly additions and the reclassification from assets under construction, amount to EUR 73,316 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, amounted to EUR 298,527 thousand at December 31, 2022 and EUR 89,946 thousand at December 31, 2021, 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 years. This category also includes the investment for the new EZ-fill® plant in Latina, 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 begin validation activities in the fourth quarter of 2023 with revenue generation beginning in 2024. The U.S. hub enables 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 is expected to be up to 565,000 square feet, will support the expansion and production of Stevanato Group's EZ-Fill® solutions 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 will house production lines to produce EZ-Fill® syringes and vials. In line with customer demand and as a result of the increased production capacity, the Group expect to better support customers' needs for biologics and vaccine treatments. As part of this capital project, in February 2022, Stevanato Group entered into an agreement with the U.S. government's Biomedical Advanced Research and Development Authority (BARDA), which is part of the U.S. Department of Health and Human Services, through its partnership with the U.S. Department of Defense. Under the agreement, BARDA will make a multi-year contribution for up to approximately USD 95 million (or approximately EUR 85 million) for manufacturing capacity for standard and EZ-Fill® vials in support of U.S. national defense readiness and preparedness programs for current and future public health emergencies.

As at December 31, 2022 committed orders related to the ongoing investments equaled approximately EUR 270 million, net of the expected contribution from BARDA.

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

19. Financial assets - investments FVTPL

Financial assets amount to EUR 782 thousand at December 31, 2022 (EUR 1,084 thousand at December 31, 2021), primarily include the investment in Rani Therapeutics Holdings INC, which is measured at fair value through profit or loss and amounts to EUR 443 thousand at December 31, 2022 (EUR 1,024 thousand at December 31, 2021). Additional disclosures on fair value measurement has been included on Note 29.

20. Financial assets

The following table details the composition of financial assets:

	At December 31, 2022	At December 31, 2021
	(EUR thousand)	
Receivables from financing activities	—	447
Fair value of derivatives financial instruments	2,795	—
Other non-current financial assets	1,044	887
Other non-current financial assets	**3,839**	**1,334**
Fair value of derivatives financial instruments	5,694	49
Other securities	27,908	27,168
Other current financial assets	**33,602**	**27,217**
Financial Assets	**37,441**	**28,551**

The decrease in receivables from financing activities assets is due to the reimbursement in 2022 of the financial loan amounting to EUR 447 thousand as at December 31, 2021 granted to a restricted number of key manager in connection with the stock grant plan.

Other securities include guaranteed investment funds managed by Société Générale SA, which are measured at fair value.

At December 31, 2022, other non-current financial assets and other current financial assets include interest swap derivatives. Other current financial assets also include foreign exchange derivatives. At December 31, 2021 interest swap derivatives were included in other current financial liabilities.

The following table sets further the analysis of derivative assets and liabilities at December 31, 2022 and December 31, 2021.

	At December 31, 2022		At December 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	(EUR thousand)			
Non-Current financial assets				
Interest Rate Swap - hedging instruments	2,795	2,795	—	—
Current financial assets				
Foreign exchange forward contracts - not hedging instruments	1,658	1,658	49	49
Foreign exchange forward contracts - hedging instruments	849	849	—	—
Interest Rate Swap - hedging instruments	3,187	3,187	—	—
Current financial liabilities				
Foreign exchange forward contracts - not hedging instruments	—	—	—	—
Interest Rate Swap - hedging instruments	—	—	1,681	1,681

As at December 31, 2022 most of the 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 and part of the foreign exchange forward contracts, designated as cash flow hedges to hedge fluctuations in variable interest rate on loans;

- the foreign exchange forward contracts designed as cash flow hedges to hedge highly probable forecast sales in US dollars.

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.

21. Inventories

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

	At December 31, 2022	At December 31, 2021
	(EUR thousand)	
Raw materials	88,139	58,484
Semifinished products	30,196	29,878
Finished products	92,994	64,252
Advances to suppliers	18,119	9,554
Provision from slow moving and obsolescence	(16,194)	(13,251)
Total inventories	**213,254**	**148,917**

The accrual of the provision for slow moving and obsolete inventories recognized within cost of sales for the years ended December 31, 2022 and 2021 is EUR 16,194 thousand and EUR 13,251 thousand respectively. Changes in the provision for slow moving and obsolete inventories are as follows:

	2022	2021
	(EUR thousand)	
As at January 1	**13,251**	**12,309**
Provision	2,956	1,878
Utilizations and other changes	(13)	(936)
As at December 31	**16,194**	**13,251**

22. Trade receivables and contract assets

Trade receivables and contract assets are analyzed as follows:

	At December 31, 2022	At December 31, 2021
	(EUR thousand)	
Trade receivables	218,695	171,803
Allowance for expected credit losses	(5,961)	(6,544)
Total trade receivables	**212,734**	**165,259**
Expected credit loss rate	*2.7%*	*3.8%*

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:

	At December 31, 2022	At December 31, 2021
	(EUR thousand)	
EMEA	121,006	90,518
APAC	25,968	27,200
North America	62,287	43,762
South America	9,434	10,323
Total Trade Receivables	**218,695**	**171,803**

Trade receivables are stated net of an allowance for expected credit losses which has been determined in accordance with *IFRS 9* amounting to EUR 5,961 thousand and EUR 6,544 thousand for 2022 and 2021 respectively:

	2022	2021
	(EUR thousand)	
As at January 1	**6,544**	**7,696**
Accruals	683	3,478
Releases	(1,453)	(4,413)
Utilizations	(19)	(390)
Exchange differences	206	173
As at December 31	**5,961**	**6,544**

Contract assets

Contract assets relate to ongoing customer-specific construction contracts within 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 103,417 thousand as at December 31, 2022 (EUR 62,133 thousand as at December 31, 2021). Contract assets gross amounts to EUR 235,794 thousand (EUR 138,854 thousand as at December 31, 2021), net of invoices issued of EUR 132,377 thousand (EUR 76,721 thousand as at December 31, 2021).

23. Tax receivables and tax payables

The breakdown in the account is as follows:

	At December 31, 2022	At December 31, 2021
	(EUR thousand)	
Tax Receivables	21,018	25,063
Tax Payables	(41,655)	(19,440)

Tax receivables amount slightly decrease compared to the previous year mainly due to mainly due the offset of Patent Box regime tax receivables against the corporate income tax payable and further offset of the tax receivable in Brazil.

Tax liabilities significant increase compared to 2021, mainly due to increased corporate income tax liabilities, resulting from the significant increase of the Italian entities' taxable income.

24. Other receivables

Other receivables are disclosed as follows:

	At December 31, 2022	At December 31, 2021
	(EUR thousand)	
Advances to suppliers	703	373
Accrued income and prepayments	9,847	5,555
VAT receivables	20,789	18,198
Other receivables	1,671	2,215
Total other receivables	**33,010**	**26,341**

25. Cash and cash equivalents

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

As at December 31, 2022, the Group has Cash and cash equivalents of EUR 228,740 thousand compared to EUR 411,039 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, 2021, 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.

26. 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, 2022 and 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, including 34,103,005 ordinary shares and 261,437,031 Class A multiple voting shares.

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, 2022 the share premium reserve amounts to EUR 389,312 thousand.

Treasury shares

As of December 31, 2022 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 same as of December 31, 2021.

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, 2022 cash flow hedge reserve amounts to EUR 5,371 thousand compared to EUR (1,277) thousand as of December 31, 2021.

Cost of hedging reserve

Cost of hedging reserve reflects the forward element of forward contracts. As of December 31, 2022 cost of hedging reserve amounts to EUR 179 thousand.

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, 2022 the reserve for actuarial gains/losses amounts to EUR (74) thousand compared to EUR (745) thousand as of December 31, 2021.

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, 2022 it amounts to EUR (15,611) thousand compared to EUR (22,680) thousand as of December 31, 2021. The decrease is mainly due to the appreciation against Euro of the Brasilian Real, the Mexican Peso, and the US Dollar occurred in 2022, 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 4,340 thousand as of December 31, 2022 and of EUR 4,000 as of December 31, 2021;
- other reserves of EUR 40,284 thousand of December 31, 2022 (EUR 38,316 thousand of December 31, 2021). The yearly increase is mainly due to the accrual of the fair value of personnel cost related to share-based incentive plans;
- retained earnings of the consolidated companies net of the effects of consolidation adjustments of EUR 435,881 thousand (EUR 306,869 as of December 31, 2021).

Net profit attributable to equity holders of the parent

Net Profit attributable to equity holders of the parent amount to EUR 142,849 thousand as of December 31, 2022 (EUR 134,321 thousand as of December 31, 2021).

Non-controlling interests

Non-controlling interests amount to EUR (220) thousand as of December 31, 2022 (EUR (415) thousand as of December 31, 2021). For further detail refer to Note 36.

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.

27. Dividends

On June 1, 2022 Stevanato Group shareholders approved the distribution of EUR 13,500 thousand in dividends (EUR 0.051 per common share) in part from the net profits realized in the previous financial year and in part from "other reserves".

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

28. Financial liabilities

Total financial liabilities are EUR 219,161 thousand and EUR 248,491 thousand as of December 31, 2022 and as of December 31, 2021 respectively; the balances in financial debt are as follows:

	At December 31, 2022	At December 31, 2021
	(EUR thousand)	
Lease liabilities - Right of Use	5,325	5,553
Bank overdrafts	13,245	37
Bank loans	50,518	36,195
Financial liabilities due to related parties	871	940
Fair value of derivatives	—	1,681
Financial liabilities due to other lenders	795	1,789
Total current financial liabilities	**70,754**	**46,195**
Lease liabilities - Right of Use	14,657	17,574
Bank loans	84,069	134,367
Notes	49,681	49,620
Financial liabilities due to other lenders	—	735
Total non-current financial liabilities	**148,407**	**202,296**
Financial Liabilities	**219,161**	**248,491**

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.

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

As at December 31, 2022

	Currency	Amount	Maturity	Average Interest Rate	Amount in EUR
Bank Loans	EUR	50,680	2023	1.21%	50,680
	EUR	51,664	2024	1.17%	51,664
	EUR	24,394	2025	1.09%	24,394
	EUR	7,488	2026	1.71%	7,488
	EUR	591	2027	1.16%	591
Amortized Cost	EUR	(230)	2023-2027		(230)
Total Bank Loans					**134,587**
Notes	EUR	25,000	2027	1.40%	25,000
	EUR	25,000	2028	1.40%	25,000
Amortized Cost	EUR	(319)	2023-2028		(319)
Total Notes					**49,681**
Overdrafts	DKK	98,488	2023	1.25%	13,244
Total Bank Loans and Overdrafts					**197,512**

As at December 31, 2021

	Currency	Amount	Maturity	Average Interest Rate	Amount in EUR
Bank Loans	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
Amortized Cost	EUR	(393)	2022-2027		(393)
Total Bank Loans					**170,562**
Notes	EUR	25,000	2027	1.40%	25,000
	EUR	25,000	2028	1.40%	25,000
Amortized Cost	EUR	(380)	2022-2028		(380)
Total Notes					**49,620**
Overdrafts	DKK	275	2022	1.25%	37
Total Bank Loans and Overdrafts					**220,219**

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, 2022 and as at December 31, 2021, all financial covenants are complied with.

Some short-term payables are subject to secured guarantee, please refer to Note 38.

29. 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, 2022:

		Fair value measurement using			
	Notes	**Total**	**Level 1**	**Level 2**	**Level 3**
		(EUR thousand)			
Cash and cash equivalents	25	228,740	228,740	—	—
Financial assets - investments FVTPL - traded	19	443	443	—	—
Financial assets - investments FVTPL - not traded	19	339	—	—	339
Derivatives - current financial assets	20	2,795	—	2,795	—
Derivatives - non-current financial assets	20	5,694	—	5,694	—
Financial current assets	20	27,908	—	27,908	—
Other non-current financial assets		733	—	733	—
Total assets		**266,653**	**229,183**	**37,131**	**339**

As at December 31, 2021:

	Notes	Fair value measurement using			
		Total	**Level 1**	**Level 2**	**Level 3**
		(EUR thousand)			
Cash and cash equivalents	25	411,039	411,039	—	—
Financial assets - investments FVTPL	19	1,084	—	—	1,084
Derivatives financial assets	20	49	—	49	—
Financial current assets	20	27,168	—	27,168	—
Other non-current financial assets		671	—	671	—
Total assets		**440,011**	**411,039**	**27,888**	**1,084**
Derivatives financial liabilities	20	1,681	—	1,681	—
Total Liabilities		**1,681**	**—**	**1,681**	**—**

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 19.

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	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 the year ended December 31, 2021. During the year ended December 31, 2022, the transfer between Level 1 and Level 3 for "Financial assets - investments FVTPL" is related to the distribution of the shares in Rani Therapeutics Holdings INC, listed on NASDAQ, from the investment fund Biologix Partners LP.

The fair value of the loans accounted for at amortized cost approximates their carrying amounts as of December 31, 2022 and 2021.

30. Employee benefits

Employee benefits are analyzed as follows:

	At December 31, 2022	At December 31, 2021
	(EUR thousand)	
Employee severance pay	4,936	5,895
Jubilee benefits	213	253
Other post-employment plans	979	699
Long term incentive plan	169	3,653
Stock grant plan	1,353	1,353
Other share-based compensation	665	—
Total employee benefits	**8,315**	**11,853**

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:

	Trattamento Fine Rapporto	Jubilee Benefits	Beneficio por Retiro / Terminacion	Severance Payment Slovakia	Total
			(EUR thousand)		
At January 1, 2021	**5,791**	**239**	**552**	**30**	**6,612**
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
At December 31, 2021	**5,895**	**253**	**659**	**40**	**6,847**
Recognized in the consolidated income statement	419	28	123	8	579
Recognized in the other comprehensive income	160	—	(23)	15	151
At January 1, 2022	**5,895**	**253**	**659**	**40**	**6,847**
Interest cost	55	3	60	—	118
Current service cost	497	31	178	6	712
Benefits paid	(603)	(25)	(114)	(6)	(748)
Actuarial Gains and Losses	(908)	(49)	68	(1)	(890)
Exchange rate differences	—	—	89	—	89
At December 31, 2022	**4,936**	**213**	**940**	**39**	**6,128**
Recognized in the consolidated income statement	551	(16)	238	6	780
Recognized in the other comprehensive income	(908)	—	68	(1)	(841)

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

As at December 31, 2022

	Severance indemnity			
	Italy	Germany	Mexico	Slovakia
Discount Rate %	3.77%	3.10%	9.25%	3.77%
Future salary increase %	0.50%	—	4.50%	6.00%
Inflation rate %	2.30%	—	3.50%	—

As at December 31, 2021

	Severance indemnity			
	Italy	Germany	Mexico	Slovakia
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%	—

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 12.5 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, 2022 and December 31, 2021 is reported as follows:

	At December 31, 2022	At December 31, 2021
	(EUR thousand)	
Turnover rate +1,00%	31	(58)
Turnover rate -1,00%	(34)	67
Inflation rate +0,25%	72	101
Inflation rate -0,25%	(70)	(98)
Annual discount rate +0,25%	(97)	(138)
Annual discount rate -0,25%	101	144

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, the Group established a medium/ long-term incentive plan linking remuneration and performance. The Board of Directors approved a compensation plan called the “Long-term Incentive plan” for 2020-2023. The four-year plan included a select number of top Management and/ or key people and was based on achieving certain key performance indicators under the Group's long-term industrial plan targets.

On April 11, 2022 the Board of Directors approved an amendment to the "Restricted Stock Grant Plan Stevanato Group S.p.A. 2021-2027", in order to allow the entry of new beneficiaries in 2022, previously involved in the compensation plan called "Long Term Incentive 2020-2023". In accordance with specific rules, existing and new beneficiaries relating to the first vesting period coexist during 2022 under the "Restricted Stock Grant Plan Stevanato Group S.p.A. 2021-2027". Through such amendment, beneficiaries of the Long Term Incentive 2020-2023 were offered the possibility of becoming beneficiaries of the "Restricted Stock Grant Plan Stevanato Group S.p.A. 2021-2027" in 2022 by using the rights deriving from the participation in the Long-Term Incentive 2020-2023 in the meantime accrued to them, but providing, that the free of charge transfer of the property of a certain number of Stevanato Group S.p.A. shares should have been done after the end of the First Vesting Period, after having verified the actual achievement of the Performance Objectives (in terms of consolidated revenue and EBITDA) set for such vesting period and the continuation of the employment relationship.

The letters of assignment of shares were issued to beneficiaries on May 12, 2022 and from that date the amendment of the incentive plans produced its accounting effects for those beneficiaries who accepted the incentive plan modification.

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

	Long Term Incentive Plan 2020-2023	Total
	(EUR thousand)	
At January 1, 2021	**1,780**	**1,780**
Interest cost	(7)	(7)
Current service cost	1,874	1,874
Actuarial Gains and Losses *	6	6
At December 31, 2021	**3,653**	**3,653**
Current service cost	63	63
Benefits paid	(928)	(928)
Actuarial Gains and Losses *	(2,619)	(2,619)
At December 31, 2022	**169**	**169**

*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. The main impact considered as actuarial gain and losses relates to the experience adjustment and to the above mentioned incentive plan modification; it has been accounted together with the current service cost by function as part of personnel costs.

Cash settled awards

Cash settled awards were 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:

	Incentive plan 2012-2021	Incentive plan 2018-2022	Total
		(EUR thousand)	
At January 1, 2021	**13,338**	**7,995**	**21,333**
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)
At December 31, 2021	—	—	—

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

Restricted Stock Grant Plan 2021-2027

At the Shareholders' Meeting of Stevanato Group held on March 4, 2021, a share-based incentive plan, referred to as the "Restricted Stock Grant Plan 2021-2027", was approved. This plan included individuals who play a strategic role in the Group related to the economic and strategic development of the Group and aligns 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 originally provided for three two-year vesting periods, 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). On April 11, 2022 the Board of Directors approved an amendment to the "Restricted Stock Grant Plan Stevanato Group S.p.A. 2021-2027", to allow the entry in 2022 of new beneficiaries, previously involved in the compensation plan called "Long Term Incentive 2020-2023". Through such amendment, (i) the total duration of the "Restricted Stock Grant Plan Stevanato Group S.p.A. 2021-2027" was limited to the First Vesting Period only and (ii) the beneficiaries were divided into two categories: the "initial beneficiaries" and the "new beneficiaries" for which specific rules apply.

At the beginning of the vesting period, a certain number of Stevanato Group ordinary shares – linked with the achievement of specific targets in terms of consolidated revenue and EBITDA within the end of the Vesting Period – was assigned free of charge to the initial beneficiaries. For the EBITDA definition, please refer to section "Key Indicators of Performance and Financial Condition" of ITEM 5. Operating and Financial Review and Prospects. The assigned shares are registered to a Trustee company and are 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 is finalized after each initial beneficiary signs 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 the vesting period, the employment relationship terminates.

In the event of over-performances related to the Key Indicators of Performance, initial beneficiaries will be granted, free of charge, an additional number of Stevanato Group shares related to the vesting period in which the targets were exceeded and the additional shares 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 initial beneficiaries of the plan.

The fair value measurement of the stock grant plan for the initial beneficiaries 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".

On May 12, 2022, Stevanato Group S.p.A. sent, to the new beneficiaries of shares, a letter granting them the right to obtain the transfer free of charge of a certain number of shares if the targets, in terms of consolidated revenue and EBITDA provided for the vesting period in relation to which the shares were assigned, are achieved. New beneficiaries are individuals who play a strategic role in the Group, including its economic and strategic development, and the above right to transfer shares (subject to certain conditions) aligns 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 effectiveness of the rights attributed to each of the new beneficiaries of shares is conditional upon the verification by the Stevanato Group's administrative body of the degree of achievement of the performance target provided in relation to the first vesting period after the end of the first vesting period. On the basis of this assessment the number of shares indicated in the letter of attribution of rights can be reduced based on the degree of target achievement.

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:

	Stock grant plan 2021-2027	**Total**
	(EUR thousand)	
At January 1, 2021	—	—
Transfer from SOP 2012-2021	400	400
Interest cost	6	6
Current service cost	947	947
At December 31, 2021	**1,353**	**1,353**
Current service cost	—	—
At December 31, 2022	**1,353**	**1,353**

Other share-based compensation

As at December 31, 2022, the Group recognized a liability for other share-based compensation amounting to EUR 665 thousand. This represents the estimate of the grant date fair value of the award for the purposes of recognizing the services received by employees during the period between service commencement date and grant date.

31. Provisions

The balances as of December 31, 2022 are detailed below:

	Provision for Warranty	Decommissioning	Provision for legal and sundry risks	Provision for agents and directors severance indemnity	Total
		(EUR thousand)			
At January 1, 2022	**1,061**	**591**	**572**	**1,275**	**3,499**
Arising during the year	90	27	2,373	82	2,572
Utilized	(49)	—	(114)	(265)	(428)
Unused amounts reversed	—	—	(63)	(68)	(131)
Exchange rate difference	—	36	2	2	40
At December 31, 2022	**1,102**	**654**	**2,770**	**1,026**	**5,552**
Current	—	—	—	—	—
Non-current	1,102	654	2,770	1,026	5,552

	Provision for Warranty	Decommissioning	Provision for legal and sundry risks	Provision for agents and directors severance indemnity	Total
		(EUR thousand)			
At January 1, 2021	**1,061**	**523**	**1,664**	**1,136**	**4,384**
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
At December 31, 2021	**1,061**	**591**	**572**	**1,275**	**3,499**
Current	—	—	—	—	—
Non-current	1,061	591	572	1,275	3,499

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 December 31, 2022 the Group accrued EUR 1.4 million related to employment and personnel matters in the United States.

As of December 31, 2022 provision for legal and sundry risks also include accruals in connection with taxation related to personnel severance amounting to EUR 610 thousand and a provision for workers compensation insurance for overall EUR 538 thousand.

32. Other non-current liabilities

Other non-current liabilities as of December 31, 2022 and December 31, 2021 amount to EUR 18,060 thousand and EUR 1,808 thousand respectively. The increase mainly relates to (i) an advance payment from the U.S. Biomedical Advanced Research and Development Authority (BARDA) of EUR 13,931 thousand, which reflects a partial payment for installing machinery in Fishers, Indiana, to help strengthen domestic capabilities in the U.S. for national defense readiness and preparedness programs for current and future public health emergencies; and (ii) an advance payment from the city of Fishers for hard costs at the site of EUR 2,261 thousand. In addition to that, the increase reflects holiday pay for Danish companies' employees following the transition to the new Danish Holiday Act that started in 2019.

33. Trade payables and other current liabilities

Trade payables and other current liabilities are detailed as follows:

	At December 31, 2022	At December 31, 2021
	(EUR thousand)	
Trade payables	239,179	164,787
Payables to social security institutions	7,528	6,362
Payables to personnel	37,269	32,772
VAT Payables	436	5,195
Other tax payables	—	3,181
Deferred Income and Prepayments	12,471	8,222
Other current liabilities	11,796	10,081
Total trade payables and other current liabilities	**308,679**	**230,600**

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 revenue 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. Under such program, the suppliers can elect on an invoice-by-invoice basis to receive a discounted early payment from the relationship bank rather than being paid in line with the agreed payment terms. If the option is taken, the Group's liability is assigned by the supplier to be due to the relationship bank rether than the supplier. The value of the liability payable by the Group remains unchanged. As at December 31, 2022 the total amount of accounting payables related to the Confirming program equals to EUR 20,695 thousand (EUR 3,900 thousand as at December 31, 2021). The Group assesses the arrangement against indicators to assess if debts, which vendors have sold to the funder under the supplier financing scheme, continue to meet the definition of trade payables or should be classified as borrowings. At December 31, 2022, the payables meet the criteria of trade payables.

34. Contract liabilities and advances from customers

Contract liabilities and advances from customers are as follows:

	At December 31, 2022	At December 31, 2021
	(EUR thousand)	
Contract Liabilities	14,847	18,771
Advances from customers	26,568	23,616
Total contract liabilities and advances from customers	**41,415**	**42,387**
Current	41,415	42,387
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 14,847 thousand and EUR 18,771 thousand as at December 31, 2022 and December 31, 2021 respectively. Contract assets gross amounts to EUR 64,293 thousand (EUR 27,504 thousand in 2021), net of invoices issues of EUR 79,140 thousand (EUR 46,275 thousand in 2021).

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

35. 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 2022 are shown below:

	Buildings	Plant and machinery	Industrial equipment	Other tangible assets	Total
			(EUR thousand)		
Cost					
At January 1, 2021	**17,969**	**8,691**	**330**	**9,002**	**35,992**
Additions	1,549	278	16	1,268	3,111
Disposals	(1,437)	(199)	—	(19)	(1,655)
Exchange rate differences	885	25	—	50	960
At December 31, 2021	**18,966**	**8,795**	**346**	**10,301**	**38,408**
Additions	1,554	—	—	1,371	2,925
Disposals	(610)	—	—	(137)	(747)
Exchange rate differences	608	20	—	16	644
At December 31, 2022	**20,518**	**8,815**	**346**	**11,551**	**41,230**
Depreciation					
At January 1, 2021	**4,561**	**2,382**	**131**	**3,538**	**10,612**
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
At December 31, 2021	**6,039**	**3,905**	**202**	**5,572**	**15,718**
Depreciation charge for the year	2,658	1,553	72	2,041	6,324
Disposals	(131)	—	—	(87)	(218)
Exchange rate differences	109	3	—	5	117
At December 31, 2022	**8,675**	**5,461**	**274**	**7,531**	**21,941**
Net book value					
At December 31, 2022	11,843	3,354	72	4,020	19,289
At December 31, 2021	12,927	4,890	143	4,729	22,690

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

	2022	2021
	(EUR thousand)	
At January 1	**23,127**	**25,621**
Additions	2,866	2,837
Accretion of interest	573	585
Payments	(6,595)	(6,498)
Early terminated contracts	(527)	(150)
Exchange rate difference	538	732
At December 31	**19,982**	**23,127**
Current	5,325	5,553
Non-current	14,657	17,574

The following are the amounts recognized in profit or loss:

	For the years ended December 31, 2022	For the years ended December 31, 2021
	(EUR thousand)	
Depreciation expense of Right of Use assets	6,325	6,202
Interest expense on lease liabilities	573	585
Expense relating to short-term leases	1,673	1,252
Expense relating to leases of low-value assets	3,968	5,180
Total amount recognized in profit or loss	**12,539**	**13,219**

36. Subsidiaries with material non-controlling interest

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

Name	**Country**	**At December 31, 2022**	**At December 31, 2021**
Ompi of Japan Co., Ltd.	Japan	49%	49%
Medical Glass a.s.	Slovakia	0.26%	0.26%

	At December 31, 2022	**At December 31, 2021**
	(EUR thousand)	
Proportion of equity interest held by non-controlling interests:		
Ompi of Japan Co., Ltd.	451	419
Medical Glass a.s.	(64)	(56)
	387	**363**
Profit allocated to material non-controlling interest:		
Ompi of Japan Co., Ltd.	(176)	60
Medical Glass a.s.	9	(8)
	(167)	**52**

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, 2022:

	Ompi of Japan Co., Ltd.	Medical Glass a.s.
	(EUR thousand)	
Net Sales	7,059	38,362
Cost of Sales	5,779	37,255
Gross Profit	**1,280**	**1,107**
Other operating income	—	42
Selling and marketing expenses	484	46
Research and development expenses	144	—
General and administrative expenses	126	4,470
Operating profit	**526**	**(3,367)**
Interest income	33	47
Interest expense	45	136
Profit before tax	**514**	**(3,456)**
Income taxes	154	79
Net Profit	**360**	**(3,535)**
Total comprehensive income	**388**	**(3,535)**
Attributable to non-controlling interests	176	(9)
Dividends paid to non-controlling interests	—	—

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

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

The tables below show the summarized financial position as at December 31, 2022:

	Ompi of Japan Co., Ltd.	Medical Glass a.s.
	(EUR thousand)	
Property, plant and equipment and other non-current assets	395	19,102
Net working capital	(92)	5,228
Total non-current liabilities and provision	—	(769)
Net capital employed	**303**	**23,561**
Net financial position*	(864)	(2,306)
Total equity	**(561)**	**21,255**
Attributable to:		
Equity holders of parent	(286)	21,199
Non-controlling interest	(275)	55

*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, 2021:

	Ompi of Japan Co., Ltd.	Medical Glass a.s.
	(EUR thousand)	
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)
Net capital employed	**254**	**18,587**
Net financial position*	(1,233)	6,204
Total equity	**(979)**	**24,791**
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

37. 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:

- for the year ended December 31, 2021, revenue from the sale of drug containment solutions 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.;
- for the year ended December 31, 2021 consulting services rented by Federici William, by MJB Consultants LLC and Progenitor Capital Partners LLC, whose beneficial owners are Board members in Stevanato Group;
- consulting services provided by Studio Legale Spinazzi Azzarita Troi, whose beneficial owner is a Board member in Stevanato Group S.p.A.;
- 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;
- loans disbursed in 2018 and 2019 by SE Holdings Co. Ltd, the minority shareholder of the subsidiary Ompi of Japan, 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;
- during the fiscal year ended December 31, 2021, Stevanato Group S.p.A. made loans aggregating approximately EUR 447 thousand to two senior executives in order for them to pay taxes arising from shares granted to them under our restricted stock grant plan. At the time the loans were made, management believed that these loans were permissible and did not violate Section 13(k) of the Exchange Act. Upon being advised that such loans were impermissible the two executives repaid such loans in full, after the end of the first quarter of 2022. As a result of this inadvertent violation, the Board adopted a policy regarding loans or advances to any Executive Officer or Director of the Company. The policy provides that "The Company shall not directly or indirectly, including through any subsidiary, extend or maintain credit to, or arrange for the extension of credit, or renew an extension of credit, in the form of a personal loan to or for any Director or Executive Officer (or equivalent thereof) of the Company or any subsidiary of the Company.";
- for the year ended December 31, 2021, 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;
- revenue from the sale of drug containment solutions 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, 2022

	Revenue	Costs*
	(EUR thousand)	
Other related parties		
Winckler & Co. Ltd.	—	313
Società Agricola Stella S.r.l.	—	90
SFEM Italia S.r.l.	—	19
E & FKH Ejendomme ApS	—	419
Piovesan Barbara	—	30
Studio Legale Spinazzi Azzarita Troi	—	384
Fondazione Stevanato	—	305
C.T.S. Studio AS	—	23
Incog BioPharma Services Inc	509	—

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

	Trade receivables	Trade payables	Other Assets	Other Liabilities
	(EUR thousand)			
Other related parties				
Winckler & Co. Ltd.	—	28	—	—
Società Agricola Stella S.r.l.	—	48	—	—
SFEM Italia S.r.l.	—	2	—	—
Studio Legale Spinazzi Azzarita Troi	—	70	—	—
C.T.S. Studio AS	—	2	—	—
Incog BioPharma Services Inc	451	—	—	—

Loan from/to related parties

For the year ended and as at December 31, 2022

	Interest received	Interest paid	Financial assets or liabilities
	(EUR thousand)		
Other related parties			
SE Holdings Co.Ltd.	—	5	(871)
Key management personnel of the Group:			
Directors and Key Managers	2	—	—

For the year ended and as at December 31, 2021

	Revenue	Costs*
	(EUR thousand)	
Parent company		
Stevanato Holding S.r.l.	4,475	—
Associate companies		
Swissfillon AG	565	—
Other related parties		
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	—

	Trade receivables	Trade payables	Other Assets	Other Liabilities
	(EUR thousand)			
Other related parties				
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	—	—	—

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

Loan from/to related parties

For the year ended and as at December 31, 2021

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

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, 2022

	Fixed remuneration		Pension	Share based compensation [3]	Total
	Annual fee	Fringe benefits [1]	expense [2]		remuneration
	(EUR thousand)				
Total Directors	2,353	12	62	379	2,806

[1] Fringe benefits related to car and insurance benefits
[2] Pensions expense related to Trattamento Fine Mandato accrued on the year
[3] Shares granted to board members

For the year ended December 31, 2021

	Fixed remuneration		Pension	Long Term	Share based compensation [4]	Total
	Annual fee	Fringe benefits [1]	expense[2]	Benefits[3]		remuneration
	(EUR thousand)					
Total Directors	2,196	14	50	(2,966)	350	(356)

[1] Fringe benefits related to car and insurance benefits
[2] Pensions expense related to Trattamento Fine Mandato accrued on the year
[3] Long term benefits related to cash settled awards early terminated in 2021
[4] Shares granted to board members

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

For the year ended December 31, 2022

	Fixed remuneration		Variable	Pension	Share based	Total
	Annual fee	Fringe benefits[1]	remuneration[2]	expense [3]	compensation[4]	remuneration
	(EUR thousand)					
Total Other Key Management	1,619	26	1,198	87	5,423	8,353

[1] Fringe benefits related to car and insurance benefits
[2] Variable remuneration related to MBO and LTI. With regard to variable compensation, key managers' performance is measured not only by financial indicators, such as revenue and EBITDA margin, but also by non-financial indicators such as (i) environment: programs in line with carbon neutrality, (ii) gender balance in senior position, (iii) quality mindset and performances and (iv) values and guiding principles.
[3] Pensions expense related to Trattamento Fine Rapporto accrued on the year
[4] Shares granted under stock grant plan 2021-2027 and other shares based incentive plans

For the year ended December 31, 2021

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

(1) Fringe benefits related to car and insurance benefits
(2) Variable remuneration related to MBO and LTI
(3) Pensions expense related to Trattamento Fine Rapporto accrued on the year
(4) Long term benefits related to cash settled awards early terminated in 2021
(5) Share-based compensation awarded under stock grant plan 2021-2027

38. 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, 2022 and 2021 respectively.

(EUR thousand)	For the years ended December 31, 2022	2021
Audit Fees	1,034	1,694
Audit-related Fees	7	—
Total	**1,041**	**1,694**

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.

Audit-related fees consist of the aggregate fee earned by Ernst & Young Entities for agreed-upon procedures on the report included in the application for compensation of tariffs for operating the system.

39. Commitments and contingencies

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

	At December 31, 2022	At December 31, 2021
	(EUR thousand)	
Guarantees	112,381	99,535
of which secured	4,707	4,707
Total Guarantees	**112,381**	**99,535**

As at December 31, 2022 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 17,482 thousand in 2021) on behalf of SVM Automatik A/S;

- Suretyship issued in favor of Nordea Bank for EUR 9,413 thousand (EUR 9,413 thousand in 2021) on behalf of Innoscan A/S;
- Letter of Comfort in favor of Unicredit AG for EUR 15,000 thousand (EUR 15,000 thousand in 2021) on behalf of the company Balda Medical Gmbh.

Secured guarantees for EUR 4,707 thousand (EUR 4,707 thousand in 2021) 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 51,968 thousand (EUR 39,907 thousand in 2021) and mainly comprise advance payment and performance bond issued in favor of clients in the Engineering division and of Balda Medical GmbH.

40. 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 revenue/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 revenue, 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 exposures included the exchange rate between the Euro and the following currencies: Japanese Yen, Danish Krone. 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. 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 revenue and margins are unchanged in local currency, changes in exchange rates can impact the amount of revenue, 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, 2022, except for those arising on financial instruments measured at fair value, amounted to net gain of EUR 859 thousand (EUR 2,584 thousand net loss in 2021).

There have been no substantial changes in 2022 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 only partially 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, 2022

		0 to 6 months	6 to 9 months	9 to 12 months	Total	Carrying amount	Line item in the statement of financial position
				(EUR thousand)			
Notional amount (1)	Forward	40,000		10,000	**50,000**	1,658	Other current financial assets
Average forward rate (EUR/USD)		*1.031*		*1.084*	—		
Notional amount (2)	Forward		15,000	25,000	**40,000**	849	Other current financial assets
Average forward rate (EUR/USD)			*1.060*	*1.064*	—		
Total					**90,000**	**2,507**	

(1) Derivatives not designated as hedging instruments
(2) Derivatives designated as hedging instruments

As at December 31, 2021

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

Set out below is the impact of hedging on equity:

	Cash Flow Hedge Reserve	Cost of Hedging Reserve
	(EUR thousand)	
As at January 1, 2022	**—**	**—**
Foreign exchange forward	(1,084)	235
Tax effect	260	(56)
As at 31 December, 2022	**(824)**	**179**

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, 2022 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, 2022 and December 31, 2021 are as follows:

As at December 31, 2022

	IRS	FIX	Floating	Total nominal amount	Effect amortized cost	Total	MtM IRS Derivates	Line item in the statement of financial position
				(EUR thousand)				
Bank loans	131,946	2,467	404	**134,817**	(230)	**134,587**	5,983	Current financial liabilities/ Non-current financial liabilities
Bank overdrafts	—	13,244		**13,244**	—	**13,244**	—	Other financial liabilities
Financial payables for share acquisition	—	—	—	**—**	—	**—**	—	Current financial liabilities
Financial liabilities due to related parties	—	871	—	**871**	—	**871**	—	Current financial liabilities
Financial liabilities due to other lenders	—	—	796	**796**	—	**796**	—	Current financial liabilities/ Non-current financial liabilities
Notes	—	50,000	—	**50,000**	(319)	**49,681**	—	Non-current financial liabilities
Total	**131,946**	**66,582**	**1,200**	**199,728**	**(549)**	**199,179**	**5,983**	
Percentage on Total	*66%*	*33%*	*1%*					

As at December 31, 2021

	IRS	FIX	Floating	Total nominal amount	Effect amortized cost	Total	MtM IRS Derivates	Line item in the statement of financial position
				(EUR thousand)				
Bank loans	167,864	2,686	404	**170,954**	(391)	**170,563**	(1,681)	Current financial liabilities/ Non-current financial liabilities
Bank overdrafts	—	—	37	**37**	—	**37**	—	Other financial liabilities
Financial payables for share acquisition	—	—	—	**—**	—	**—**	—	Current financial liabilities
Financial liabilities due to related parties	—	940	—	**940**	—	**940**	—	Current financial liabilities
Financial liabilities due to other lenders	—	2,524	—	**2,524**	—	**2,524**	—	Current financial liabilities/ Non-current financial liabilities
Notes	—	50,000	—	**50,000**	(380)	**49,620**	—	Non-current financial liabilities
Total	**167,864**	**56,150**	**441**	**224,455**	**(771)**	**223,684**	**(1,681)**	
Percentage on Total	*75%*	*25%*	*0%*					

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:

	Cash Flow Hedge Reserve
	(EUR thousand)
As January 1, 2021	**3,345**
Interest Rate Swap	(2,721)
Tax effect	653
As at December 31, 2021	**1,277**
Interest Rate Swap	(7,663)
Tax effect	1,839
As at December 31, 2022	**(4,547)**

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, 2022

Interest rate sensitivity

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

Exchange rate sensitivity

	Increase/decrease in percentage points		Effect on EBITDA	
	(EUR thousand)			
Euro	1%	(1)%	(1,752)	1,788
US dollar	3%	(3)%	(5,154)	5,473
	5%	(5)%	(8,427)	9,314
Euro	1%	(1)%	140	(143)
Mexican Pesos	3%	(3)%	411	(437)
	5%	(5)%	673	(744)
Euro	1%	(1)%	(116)	118
China Renmimbi	3%	(3)%	(340)	361
	5%	(5)%	(556)	615

As at December 31, 2021

Interest rate sensitivity

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

Exchange rate sensitivity

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

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, 2022 and at December 31, 2021 on the basis of contractual payments which have not been discounted:

As at December 31, 2022

	Due within one year	Due between one and five years	Due beyond five years	Total
		(EUR thousand)		
Bank overdrafts	13,244	—	—	13,244
Borrowings from banks (*)	50,680	84,136	—	134,816
Notes (*)	—	25,000	25,000	50,000
Lease liabilities (**)	5,785	10,362	6,211	22,358
Other Financial liabilities	1,666	—	—	1,666
Trade payables	239,180	—	—	239,180
Tax payables	41,655	—	—	41,655
Other liabilities	69,499	18,060	—	87,559
Employee Benefits	2,187	—	6,127	8,314
Total liabilities	**423,896**	**137,558**	**37,338**	**598,792**

(*) The corresponding balance reported in the financial statement position is EUR 134,587 thousand and EUR 49,681 thousand respectively at 31 December 2022 and refers to adoption of amortized cost.
(**) The corresponding balance in the financial statement position is EUR 19,982 thousand and refers to adoption of IFRS 16.

As at December 31, 2021

	Due within one year	Due between one and five years	Due beyond five years	Total
		(EUR thousand)		
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	0	67,621
Employee Benefits	—	11,853	—	11,853
Total liabilities	**295,209**	**161,153**	**57,552**	**513,914**

(*) 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.

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, 2022, amounting overall to EUR 218,695 thousand (EUR 171,803 thousand in 2021), include receivables not overdue of EUR 164,106 thousand and overdue receivables of EUR 54,589 thousand, of which EUR 46,483 thousand within 90 days, EUR 4,444 thousand between 90 and 180 days, EUR -11 thousand between 181 and 365 days and EUR 3,674 thousand beyond 365 days. As of December 31, 2022 the Group has accrued an allowance for doubtful accounts amounting to EUR 5,961 thousand (EUR 6,544 thousand in 2021).

41. 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 to contain the spread of the virus. The Group experienced both positive and negative impacts from the pandemic.

The Group believes that it is likely that the unfavorable impacts from COVID-19 on production and operational capabilities will continue to abate in fiscal year 2023. The unfavorable impacts included: (i) a temporary decrease in the sales of certain non-COVID-19 products as traditional healthcare procedures were postponed (ii) labor absenteeism; (iii) disruptions to production lines; and (iv) delays in, and increased costs of raw materials, logistics, and other input costs. 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.

Currently, the Group expects revenue from COVID-related products and services will continue to decrease in fiscal year 2023 compared to fiscal year 2022. The Group still expects to benefit from sales related to COVID-19 products and services, but to a lesser extent, as governments worldwide continue to support and promote COVID-19 vaccine programs. Longer-term, there remains uncertainty around the magnitude of demand for COVID-19 related products, however we currently expect demand for products related to COVID-19 will decrease and become part of our vaccine business as COVID-19 moves into endemic stage.

42. Impact of war in Ukraine

On February 24, 2022, Russia launched a military invasion of Ukraine. As of today, active conflict is underway in and impacting several major Ukrainian cities.

The military actions undertaken by Russian military forces against Ukraine resulted in the imposition of financial and economic sanctions by the European Union, the U.S., the United Kingdom and other countries and organizations against officials, individuals, regions, and industries in Russia and Belarus. Such sanctions, together with any additional measure that may be adopted in connection with this situation, may, in various ways, constrain Russia and Ukraine related transactions.

Such military actions against Ukraine, as well as the measures adopted, or that may be adopted, by other countries in response to these events, including new and stricter sanctions by the European Union, the U.S., the United Kingdom and other countries and organizations against officials, individuals, regions, and industries in Russia and Belarus (or other countries that were to become involved), could have a material adverse effect on Group operations. The Group is monitoring the conflict, but cannot predict whether this situation, which is unfolding in real-time, may escalate and result in broader economic and security conditions or in material implications for its business. None of the Group's operational locations are located in Russia or the Ukraine.

Primarily as a result of the Russian-Ukrainian conflict, gas and electricity prices have risen dramatically and affected Group margins, but the Group has not faced any material disruption in accessing natural gas for its operations to date. The Group's operations in Italy have the highest gas consumption across its European operations.

According to widely published press reports, the Italian government has taken steps to shore up its natural gas supplies and lower its dependence on Russian supplies. Italy has signed agreements with several other countries to diversify the country's natural gas sources and Algeria is now the largest supplier of natural gas to Italy. On October 2, 2022, the Italian government stated that gas storage levels in Italy were estimated to be at more than 90%. In addition, the Group believes it may be eligible for priority status since its business operations are devoted to the delivery of mission-critical pharmaceutical products.

However, the current conflict and the imposition of financial and economic sanctions following the invasion may negatively impact the Group's ability to source gas at commercially reasonable terms, or at all. The war resulted in a worldwide increase in the price of utilities, specifically natural gas. In response, we adjusted prices accordingly to cover the impacts of these price increases.

43. Global Macroeconomic Scenario

One of the main elements to consider in the global macroeconomic scenario is the inflation rate, which has recently reached record-high level in some countries. Although prices had been already creeping up due to the rapid rebound from the pandemic and related supply chain constraints, inflation soared and became much more pervasive around the world following Russia's conflict with Ukraine.
Inflation deteriorates the economic outlook because it results in higher production costs for businesses, a reduction in real income for households, and also because it pushes central banks towards tighter monetary policies in order to pursue their statutory goals, thus resulting in a slowdown of the economic activity.

One of the primary challenges for the European and global economy in recent months has been the fluctuations in the energy market. Energy prices have risen sharply, mainly related to sanctions imposed on Russia in connection with the conflict with Ukraine, along with countermeasures relating to such sanctions.
The decline in oil and natural gas prices in recent months is mainly related to lower demand and the mild weather experienced in the Fall 2022, which allowed storage facilities in many European countries to be filled and reduce the risk of possible supply demand imbalances.
Governments have already done a lot to ease the economic pain from high energy and food prices, including price caps, price and income subsidies and reduced taxes. However, since energy prices are likely to remain high and volatile for some time, untargeted measures to keep prices down may become increasingly unaffordable, and could discourage the needed energy savings.

In order to pursue price stability, the Federal Reserve in the U.S. and other central banks in various countries have raised, and may again raise, interest rates in response to concerns about inflation. Through an increase in the key interest rate, central banks make borrowing more expensive and encourage saving, thereby influencing consumer demand for goods and services as well as business investment. This can help reduce inflation but can also result in lower economic activity.

In addition to higher energy prices, higher inflation is also related to issues along value chains that have characterized the global economy since the acute phase of the COVID-19 pandemic in 2020. The Russian-Ukrainian conflict adds to an already complex situation, in which a globally uneven economic recovery in the aftermath of the pandemic crisis created bottlenecks in the supply of components and inputs critical to economic activity. These pressures are showing signs of easing in recent months.

General global economic downturns and macroeconomic trends, including heightened inflation, capital market volatility, interest rate and currency rate fluctuations, and economic slowdown or recession, may result in unfavorable conditions that could negatively affect demand for our products and exacerbate some of the other risks that affect our business, financial condition and results of operations. Furthermore, currency exchange rates have been especially volatile in the recent past, and these currency fluctuations have affected, and may continue to affect, the reported value of the Group assets and liabilities, as well as cash flows.

44. Events after the reporting period

On January 3, 2023 the beneficiaries involved in the new Restricted Shares Plan 2023-2027 and Performance Shares Plan 2023-2027 received a letter that granted them the right obtain the transfer free of charge of a certain number of shares if the underlying conditions are met. The Restricted Shares Plan and the Performance Shares Plan were adopted by the Board of Directors on December 15, 2022, as sub-plans of the Long Term Incentive Plan.

The Restricted Shares Plan forms part of Stevanato Group's long-term remuneration policy wherein Restricted Shares represent, for the first vesting period (January 2023 - December 2025), 50% of the same beneficiaries grant target pay opportunity, while Performance Shares represent 50% of the beneficiaries grant target pay opportunity. For the second vesting period (January 2024 - December 2026) and third vesting period (January 2025 - December 2027), the company will communicate to beneficiaries within the grant letter the mix of Performance and Restricted Shares.

The granting of awards under the Restricted Shares Plan, for each vesting period, is subject to and dependent on the satisfaction of the following presence condition: shares shall not vest unless, at the end of the presence period related to each installment -3 equal annual installments-, the relationship between the participant and the company is still in existence, unless otherwise agreed by the Chief Executive Officer. In particular, the presence period is differentiated in coherence with the vesting schedule and coincides with the period between the grant of rights date and each installment-vesting schedule.

The right to the award of Shares under the Performance Shares Plan, for each vesting period -3 years cliff vesting-, as a consequence of the relative right to receive the number of shares is subject to the positive outcome of the verification by the Board of Directors at the date of verification relating to two different performance targets which are independent of each other:

I. 50% of the target number of shares will vest if the Group achieves the targets in relation to the revenue growth performance criterion;

II. 50% of the target number of shares will vest if the Group achieves the targets in relation to the ROIC Performance Criterion;

The performance target level, minimum target, overachievement target and maximum target of each performance criterion, for each vesting period, were communicated to beneficiaries within the grant letter.

On January 17, 2023 and February 28, 2023, Stevanato Group entered into two term loan contracts, totaling EUR 130.0 million, to support production capacity expansion in U.S. and Italy. The first loan agreement was financed through BNP Paribas for EUR 70.0 million and the second loan for EUR 60.0 million was financed through Cassa Depositi e Prestiti. Both financing have five years tenor with two years of availability period to draw down, two years of pre-amortizing period and three years of amortizing period.

Both loans are "ESG-linked" with potential price improvement linked to the yearly successful achievement of two ESG KPIs

STEVANATO GROUP S.p.A.

Financial statements as at and for the year ended December 31, 2022 and 2021

Income statement

for the years ended December 31, 2022 and 2021

		For the years ended December 31,	
		2022	2021
		(EUR)	
	Notes		
Revenue	4	48,289,024	36,978,371
Cost of sales	5	3,417,874	3,238,028
Gross Profit		**44,871,150**	**33,740,343**
Other operating income	6	3,005,557	—
Selling and Marketing expenses	7	9,409,122	9,412,705
Research and Development expenses	7	5,503,654	2,079,754
General and Administrative expenses	7	45,655,679	25,935,964
Operating Profit		**(12,691,748)**	**(3,688,080)**
Finance income	9	53,678,606	28,510,996
Finance expense	10	8,454,851	10,238,191
Profit Before Tax		**32,532,007**	**14,584,725**
Income taxes	12	(2,989,800)	866,248
Net Profit		**35,521,807**	**13,718,477**

STEVANATO GROUP S.p.A.

Statement of comprehensive income

for the years ended December 31, 2022 and 2021

	Notes	For the years ended December 31, 2022	2021
		(EUR)	
Net Profit		**35,521,807**	**13,718,477**
Gains/(losses) from remeasurement of employee defined benefit plans	26	639,148	(71,453)
Tax effect relating to those components of OCI	12	(153,396)	17,149
Other comprehensive income (loss) that will not be classified subsequently to profit or loss		**485,753**	**(54,304)**
Changes in the fair value of cash flow hedging instruments	34	7,663,597	2,721,045
Tax effect relating to those components of OCI	12	(1,839,263)	(653,051)
Other comprehensive income (loss) that will be classified subsequently to profit or loss		**5,824,334**	**2,067,994**
Total other comprehensive income (loss), net of tax		**6,310,087**	**2,013,690**
Total Comprehensive Income		**41,831,894**	**15,732,167**

STEVANATO GROUP S.p.A.

Statement of financial position

at December 31, 2022 and 2021	Notes	At December 31 2022	At December 31 2021	At January 1 2021
			(EUR)	
Assets				
Non-current assets				
Other intangible assets	13	10,395,810	6,487,536	4,214,792
Right of Use assets	29	1,843,386	2,503,397	2,509,456
Property, plant and equipment	14	59,128,885	47,161,943	24,770,386
Equity Investments	15	312,637,121	225,895,152	225,895,152
Financial assets - investments FVTPL	16	336,005	56,005	6,005
Other non-current financial assets	17	2,895,203	52,823,260	69,696,565
Deferred tax assets	12	4,931,482	7,115,193	6,809,218
		392,167,893	**342,042,486**	**333,901,574**
Current assets				
Trade receivables	18	3,070,444	1,750	5,617
Other current financial assets	17	174,595,482	78,674,613	59,410,204
Tax receivables	19	7,779,979	8,792,962	2,962,475
Other receivables	20	68,871,007	38,342,380	19,256,974
Cash and cash equivalents	21	129,364,273	321,782,350	4,446,858
		383,681,186	**447,594,055**	**86,082,128**
Total assets		**775,849,078**	**789,636,541**	**419,983,702**
Equity and liabilities				
Equity				
Share capital	22	21,698,480	21,698,480	20,002,000
Reserves and Retained Earnings	22	431,928,655	414,902,186	6,035,448
Net profit	22	35,521,807	13,718,477	12,732,578
Total equity		**489,148,941**	**450,319,143**	**38,770,026**
Non-current liabilities				
Non-current financial liabilities	24, 29	132,388,855	182,506,830	264,280,547
Employees Benefits	26	4,843,968	6,832,588	25,343,849
Deferred tax liabilities	12	2,254,831	357,373	148,504
		139,487,654	**189,696,791**	**289,772,900**
Current liabilities				
Current financial liabilities	24, 29	87,558,896	108,368,598	62,350,110
Trade payables	27	13,048,451	12,607,250	7,912,694
Advances from customers	28	4,360,200	2,280,000	2,400,000
Tax payables	19	3,254,251	3,644,335	2,263,678
Other liabilities	27	38,990,685	22,720,424	16,514,293
		147,212,483	**149,620,608**	**91,440,775**
Total liabilities		**286,700,137**	**339,317,398**	**381,213,675**
Total equity and liabilities		**775,849,078**	**789,636,541**	**419,983,702**

STEVANATO GROUP S.p.A.

Statement of changes in equity

for the years ended December 31, 2022 and 2021

	Notes	Share capital	Share Premium Reserve	Legal Reserve	Revaluation Reserve	Treasury shares	Cash flow hedge reserve	Reserve for actuarial gains / (losses)	Retained earnings and other reserve	Total Equity
						(EUR)				
At January 1, 2022		**21,698,480**	**389,311,716**	**4,000,400**	**3,468,612**	**(27,740,414)**	**(1,277,423)**	**(363,965)**	**61,221,738**	**450,319,143**
Other comprehensive income	22	—	—	—	—	—	5,824,334	485,753	—	**6,310,087**
Net profit		—	—	—	—	—	—	—	35,521,807	**35,521,807**
Total comprehensive income		**—**	**—**	**—**	**—**	**—**	**5,824,334**	**485,753**	**35,521,807**	**41,831,894**
Dividends	23	—	—	—	—	—	—	—	(13,499,674)	**(13,499,674)**
Allocation of previous year result	22	—	—	339,296	—	—	—	—	(339,296)	**—**
Share-based incentive plan	22	—	—	—	—	—	—	—	10,497,578	**10,497,578**
Total effects		**—**	**—**	**339,296**	**—**	**—**	**—**	**—**	**(3,341,392)**	**(3,002,096)**
At December 31, 2022		**21,698,480**	**389,311,716**	**4,339,696**	**3,468,612**	**(27,740,414)**	**4,546,911**	**121,787**	**93,402,154**	**489,148,941**

	Notes	Share capital	Share Premium Reserve	Legal Reserve	Revaluation Reserve	Treasury shares	Cash flow hedge reserve	Reserve for actuarial gains / (losses)	Retained earnings and other reserve	Total Equity
						(EUR)				
At January 1, 2021		**20,002,000**	**—**	**4,000,400**	**3,395,000**	**(26,189,347)**	**(3,345,417)**	**(309,661)**	**41,217,051**	**38,770,026**
Other comprehensive income	22	—	—	—	—	—	2,067,994	(54,304)		**2,013,690**
Net profit		—	—	—	—		—	—	13,718,477	**13,718,477**
Total comprehensive income		**—**	**—**	**—**	**—**	**—**	**2,067,994**	**(54,304)**	**13,718,477**	**15,732,167**
Dividends	23	—	—	—	—	—	—	—	(11,200,000)	**(11,200,000)**
Capital increase	22	1,696,480	410,562,640	—	—	—	—	—	—	**412,259,120**
Transaction costs on capital increase	22	—	(27,961,742)	—	—	—	—	—	—	**(27,961,742)**
Taxes relating to capital increase costs	22	—	6,710,818	—	—	—	—	—	—	**6,710,818**
Effect of real estate spin-off	14	—	—	—	73,612	—	—	—	12,644,989	**12,718,601**
Other	22	—	—	—		(1,551,067)	—	—	4,841,220	**3,290,153**
Total effects		**1,696,480**	**389,311,716**	**—**	**73,612**	**(1,551,067)**	**—**	**—**	**6,286,210**	**395,816,950**
At December 31, 2021		**21,698,480**	**389,311,716**	**4,000,400**	**3,468,612**	**(27,740,414)**	**(1,277,423)**	**(363,965)**	**61,221,738**	**450,319,143**

STEVANATO GROUP S.p.A.

Statement of cash flows

for the years ended December 31, 2022 and 2021

	Notes	For the years ended December 31, 2022	2021
		(EUR)	
Operating activities			
Profit before tax		**32,532,007**	**14,584,725**
Adjustments:			
Depreciation and impairment of property, plant and equipment	14	1,855,649	1,739,094
Amortization of intangible assets and Right of Use	13, 29	4,071,594	3,142,359
Net finance expense/ (income)		6,843,080	8,903,025
Dividend Income	9	(44,000,000)	(25,000,000)
(Gain)/Loss from the disposal of non-current assets		(200)	—
Change in other provisions and in employee benefits		2,578,301	(5,169,550)
Other non-cash expenses, net		(52,880)	(2,723,548)
Working capital changes:			
- trade receivables and other assets		(32,584,338)	(24,912,026)
- trade payables, contract liabilities, advances and other liabilities		14,684,700	8,614,595
Interest paid		(3,541,961)	(3,969,531)
Interest received		2,552,171	1,924,571
Income tax paid		5,781,589	2,680,502
Cash Flow from operating activities		**(9,280,288)**	**(20,185,784)**
Cash Flow from investing activities			
Purchase of property, plant and equipment		(12,897,500)	(7,444,424)
Proceeds from sale of property plant and equipment		200	—
Purchase of intangible assets		(6,483,384)	(4,124,832)
Investment in financial assets		(17,115,621)	(21,379,868)
Proceeds from financial assets		10,086,746	22,200,000
Acquisition of business units net of cash and cash equivalent		—	707,775
Purchases of investments in subsidiaries		(86,741,967)	—
Net cash flows used in investing activities		**(113,151,526)**	**(10,041,349)**
Cash Flow from financing activities			
Net proceeds from IPO	21	—	380,089,747
Dividends paid	23	(13,499,674)	(11,200,000)
Dividends received		44,000,000	25,000,000
Payment of principal portion of lease liabilities		(1,473,004)	(1,275,526)
Proceed from loans		(35,699,410)	(102,575,169)
Centralized cash management		(63,314,175)	57,523,573
Net cash flows from/(used in) financing activities		**(69,986,263)**	**347,562,625**
Net change in cash and cash equivalents		**(192,418,077)**	**317,335,492**
Cash and cash equivalents at January 1		**321,782,350**	**4,446,858**
Cash and cash equivalents at December 31		**129,364,273**	**321,782,350**

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Notes to the financial statements

1. Corporate information

Stevanato Group S.p.A. (herein referred to as the "Company" is headquartered in Italy and its registered office is located in via Molinella 17, Piombino Dese (Padova, Italy).

Stevanato Group S.p.A. controls the following companies:

Name	Description	Country of incorporation	Type of control	% equity interest 2022	% equity interest 2021
Nuova Ompi S.r.l.	Production of drug containment solutions and development of integrated solutions for the pharmaceutical industry	Italy	Direct	100%	100%
Spami S.r.l.	Production plant and machinery	Italy	Direct	100%	100%
Stevanato Group International a.s.	Service/Subholding company	Slovakia	Direct	100%	100%
Medical Glass a.s.	Production of drug containment solutions	Slovakia	Indirect*	99.74%	99.74%
Stevanato Group N.A. S. de RL de CV	Service company	Mexico	Indirect	100%	100%
Ompi N.A. S. de RL de CV	Production of drug containment solutions	Mexico	Direct Indirect*	30.76% 69.24%	30.76% 69.24%
Ompi of America inc.	Sale of drug containment solutions and analytical services	USA	Direct Indirect*	83.73% 16.27%	0% 100%
Ompi do Brasil I. e C. de Em. Far. Ltda	Production of drug containment solutions	Brazil	Direct Indirect*	79% 21%	79% 21%
Innoscan A/S	Production plant and machinery	Denmark	Indirect*	—	100%
Ompi Pharm. Packing Techn. Co. Ltd	Production of drug containment solutions	China	Indirect*	100%	100%
SVM Automatik A/S	Production plant and machinery	Denmark	Indirect*	100%	100%
Medirio SA	Research and development	Switzerland	Indirect**	100%	100%
Balda Medical Gmbh	Production of in-vitro diagnostic solutions	Germany	Direct	100%	100%
Balda C. Brewer Inc.	Production of in-vitro diagnostic solutions	USA	Indirect**	100%	100%
Balda Precision Inc.	Production metal components	USA	Indirect**	100%	100%
Ompi of Japan Co., Ltd.	Sale of drug containment solutions	Japan	Direct	51%	51%

* Stevanato Group S.p.a. indirectly controls these companies through Stevanato Group International a.s.
** Stevanato Group S.p.a. indirectly controls these companies through Balda Medical GmbH

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 China, in Latina, Italy, and in Piombino Dese, Italy, where construction on a new building is nearing completion. 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 financial statements comprised the financial statements of the Company as at December 31, 2021 and 2022, and for the years ended December 31, 2022 and 2021. The consolidated financial statements were authorized for issuance by resolution of the Board of Directors on April 5, 2023.

The financial statements of the Company have been prepared in accordance with *the International Financial Reporting Standards* as issued by the *International Accounting Standards Board (IFRS)* and endorsed by European Union. For all periods up to and including the year ended December 31, 2021, the Company prepared its financial statements in accordance with Italian generally accepted accounting principles ("Local GAAP").

The accounting policies stated below have, unless otherwise stated, been applied consistently over all periods presented in the Company financial statements.

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

The Company presents its statement of profit or loss using the function of expense method reflecting the practice in the industry in which the Group operates. The Company presents current and non-current assets and liabilities as separate classifications in its 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 income statement, the Company 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.

The Company 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 Company financial statements are presented in Euro which is also the functional and presentation currency of the Company. Transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. 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 settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or in previous financial statements are recognized in the income statement.

The Company 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 Company's ability to meet its obligations in the foreseeable future and in particular in the next 12 months.

2.2 Main accounting policies, estimates and assumptions

Current and non-current

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

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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 Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair Value Measurement

In accordance with *IFRS 13 – Fair Value Measurement*, the Company 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 Company 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 revenue

Revenue from contracts with customers is recognized when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company 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

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will estimate the amount of the consideration it will be entitled to in exchange for the services transferred to the customer.

Costs to obtain a contract

According to *IFRS 15* the Company recognizes incremental costs of obtaining a contract as an asset if the required criteria are met. Any capitalized contract costs assets is amortized on a systematic basis that is consistent with the entity's transfer of the related goods or services to the customer.

The Company presents these costs in the statement of financial position as a separate class of intangible asset, with the amortization in the same line item as amortization of intangible assets within the scope of *IAS 38 - Intangible Assets*.

Capitalized contract costs are subject to an impairment assessment at the end of each reporting period. Impairment losses are recognized in profit or loss.

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.

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.

Transaction costs for 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 Company. 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. 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 revenue 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. IRAP is applied on the tax base at 3.9% for the years ended December 31, 2021 and December 31, 2022.

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;

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- 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 Company 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 Company 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 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 requirements in *IFRIC 23 - Uncertainty over Income Tax Treatments* whereby an entity considers whether it is probable that a taxation authority will accept an uncertain tax treatment. If the Company concludes that the position is not probable of being accepted, the effect of uncertainty is reflected in the income taxes.

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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.

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 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 Company 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 Company 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.

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

	Holding
Buildings	33 years
Plant and machinery	4 years
Industrial and commercial equipment	8 years
Other tangible assets	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 Company 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 Company applies a recognition and measurement approach for each lease, except for short-term leases and leases of low-value assets. The Company 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 Company recognizes lease liabilities representing obligations to make lease payments and Right of Use assets representing the Right of Use the underlying assets.

The Company 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 Company 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 Company's incremental borrowing rate is used, being the rate that the Company 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.

Investments in subsidiaries

Investments in subsidiaries are measured at cost, less impairment (if any). Dividend income from the Company's subsidiaries is recognized in the income statement when the right to receive payment is established. Dividends received are shown under cash flows generated by investing activities in the statement of cash flows.

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Impairment of investments in subsidiaries

At each reporting date, the Company assesses whether there is an indication that investments in subsidiaries may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. The recoverable amount is defined as the higher of (i) the fair value of the investment less costs of disposal and (ii) its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Any resulting impairment is recognized in the income statement. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Company makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount, up to a maximum of the carrying amount that would have been determined if no impairment loss had been recognized for the asset in prior periods. Such a reversal is recognized in the income statement.

There was no impairment of investments in subsidiaries or reversals of impairment of investments for the periods presented in these Company Financial Statements.

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 Company 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 Company 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 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 Company 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.

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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 Company 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 Company'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 Company 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 Company. 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 Company has an unconditional right to defer their payment for at least twelve months after the reporting date.

Derivatives

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 Company 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 Company 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.

The Company designates only the spot element of forward contracts as a hedging instrument, forward points are formally excluded from the hedging relationship and accounted as cost of hedging. The forward element is recognized in OCI and accumulated in a separate component of equity under Cost of Hedging Reserve.

Impairment of non-financial assets

The Company tests whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's 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 Company 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 Company 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 Company, 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.

Provisions

Provisions for risks are recognized when (i) the Company 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 Company based on facts and circumstances, historical risk data and the information available at the balance sheet date. When the Company 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

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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 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 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 Company'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 Company recognizes the following changes in the net defined benefit obligation under expenses in the statement of profit or loss:

- the service costs are recognized in the 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 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 Company 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 Company 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 of "initial beneficiaries" as defined in Note 27, or at the end of the relevant vesting period, in case of "new beneficiaries". 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 "initial beneficiaries" are bound to re-sell the shares to Stevanato Group S.p.A. at a determined price. In the event of certain over-performances to the defined financial targets, the "initial 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. With reference to "new beneficiaries" the effectiveness of the rights attributed to each of them is conditional upon the verification by the Stevanato Group's administrative body of the degree of achievement of the performance target provided in relation to the vesting period.

The value corresponding to the consideration that Stevanato Group S.p.A. has to pay in case of re-purchase of the shares from the "initial beneficiaries" is recorded on the income statement among personnel costs at the grant date and a

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liability for employee benefits is recognized. 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 recognized. Fair value is determined at the assignment date, reflecting the market conditions prevailing at the date in question.

At each reporting date, the Company revises 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.

Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made.

That cost is recognized in employee benefits expense, together with a corresponding increase in a reserve of shareholder's equity, over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

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

The Company recognizes liabilities from other taxes and social security and other non-financial liabilities at amount payable on the maturity date.

Climate change

For disclosures relating to climate-related matters, see Note 2.3 "Main accounting policies, estimates and assumptions – Climate change" to the Consolidated Financial Statements.

Use of estimates

The Company Financial Statements are prepared in accordance with IFRS which require Management's use of estimates, judgements 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 and associated assumptions are based on historical experience and other factors. The resulting accounting estimates could differ from the related actual results. Estimates and underlying assumptions are periodically reviewed and the effects of each change are reflected in the statement of profit or loss or in the statement of comprehensive income in the period in which the change occurs.

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.

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Leases

The Company 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 Company 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 Company '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 Company 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 Company 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 Company 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.

Income tax expense (current and deferred)

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 can be 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.

2.3 First-time adoption of IFRS

For periods up to and including the year ended December 31, 2021, the Company prepared its financial statements in accordance with Italian generally accepted accounting principles ("Local GAAP"). Financial Statements for the year ended December 31, 2022 are the first the Company prepares in accordance with the International Financial Reporting Standards (IFRS).

In preparing the financial statements, the Company's opening statement of financial position was prepared as at January 1, 2021, the Company's date of transition to IFRS. This note explains the principal adjustments made by the Company in restating its Local GAAP financial statements, including the statement of financial position as at January 1, 2021 and the financial statements as at, and for, the year ended December 31, 2021.

Estimates

The estimates at January 1, 2021 and at December 31, 2021 are consistent with those made for the same dates in accordance with Local GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Local GAAP did not require estimation:

Pensions and other post-employment benefits

Cash settled awards

The estimates used by the Company to present these amounts in accordance with IFRS reflect conditions at January 1, 2021, the date of transition to IFRS and as at December 31, 2021.

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(EUR)	Notes	Local GAAP at January 1, 2021	Reclassifications and remeasurements	IFRS as at January 1, 2021
Assets	**Notes**			
Non-current assets				
Other intangible assets		4,214,792	-	4,214,792
Right of Use assets	E	-	2,509,456	2,509,456
Property, plant and equipment	C, F	24,502,135	268,251	24,770,386
Equity investments		225,895,152	-	225,895,152
Financial assets - investments FVTPL		6,005	-	6,005
Other non-current financial assets		69,696,565	-	69,696,565
Deferred tax assets	H	1,575,995	5,233,223	6,809,218
		325,890,644	**8,010,930**	**333,901,574**
Current assets				
Trade receivables		5,617	-	5,617
Other current financial assets		59,410,204	-	59,410,204
Tax receivables		2,962,475	-	2,962,475
Other receivables		19,256,974	-	19,256,974
Cash and cash equivalents		4,446,858	-	4,446,858
		86,082,128	**-**	**86,082,128**
Total assets		**411,972,772**	**8,010,930**	**419,983,702**
Equity and liabilities				
Equity				
Share capital		20,002,000	-	20,002,000
Reserves and Retained Earnings		22,375,970	(16,340,522)	6,035,448
Net profit		12,732,578	-	12,732,578
Total equity		**55,110,548**	**(16,340,522)**	**38,770,026**
Non-current liabilities				
Non-current financial liabilities	E	262,768,889	1,511,658	264,280,547
Employees Benefits	A, B, D	3,591,649	21,752,200	25,343,849
Deferred tax liabilities		76,314	72,190	148,504
		266,436,852	**23,336,048**	**289,772,900**
Current liabilities				
Current financial liabilities	E	61,334,707	1,015,403	62,350,110
Trade payables		7,912,694	-	7,912,694
Advances from customers		2,400,000	-	2,400,000
Tax payables		2,263,678	-	2,263,678
Other liabilities		16,514,293	-	16,514,293
		90,425,372	**1,015,403**	**91,440,775**
Total liabilities		**356,862,224**	**24,351,451**	**381,213,675**
Total equity and liabilities		**411,972,772**	**8,010,930**	**419,983,702**

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(EUR)	Notes	Local GAAP as at December 31, 2021	Reclassifications and remeasurements	IFRS as at December 31, 2021
Assets	**Notes**			
Non-current assets				
Other intangible assets	G	28,856,930	(22,369,394)	6,487,536
Right of Use assets	E	-	2,503,397	2,503,397
Property, plant and equipment	C, F	46,898,147	263,796	47,161,943
Equity Investments		225,895,152	-	225,895,152
Financial assets - investments FVTPL		56,005	-	56,005
Other non-current financial assets		52,823,260	-	52,823,260
Deferred tax assets	H	1,294,388	5,820,805	7,115,193
		355,823,882	**(13,781,396)**	**342,042,486**
Current assets				
Trade receivables		1,750	-	1,750
Other current financial assets		78,674,613	-	78,674,613
Tax receivables		8,792,962	-	8,792,962
Other receivables		38,342,380	-	38,342,380
Cash and cash equivalents		321,782,350	-	321,782,350
		447,594,055	**-**	**447,594,055**
Total assets		**803,417,937**	**(13,781,396)**	**789,636,541**
Equity and liabilities				
Equity				
Share capital		21,698,480	-	21,698,480
Reserves and Retained Earnings		441,229,527	(26,327,341)	414,902,186
Net profit		5,309,863	8,408,614	13,718,477
Total equity		**468,237,870**	**(17,918,727)**	**450,319,143**
Non-current liabilities				
Non-current financial liabilities	E	181,349,998	1,156,832	182,506,830
Employees Benefits	A, B, D	5,392,730	1,439,858	6,832,588
Deferred tax liabilities		195,996	161,377	357,373
		186,938,724	**2,758,067**	**189,696,791**
Current liabilities				
Current financial liabilities	E	106,989,463	1,379,135	108,368,598
Trade payables		12,607,250	-	12,607,250
Advances from customers		2,280,000	-	2,280,000
Tax payables		3,644,335	-	3,644,335
Other liabilities	E	22,720,295	129	22,720,424
		148,241,343	**1,379,265**	**149,620,608**
Total liabilities		**335,180,067**	**4,137,331**	**339,317,398**
Total equity and liabilities		**803,417,937**	**(13,781,396)**	**789,636,541**

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(EUR)	Notes	Local GAAP as at December 31, 2021	Reclassifications and remeasurements	IFRS as at December 31, 2021
Revenues		36,978,371	-	36,978,371
Cost of sales	C, E	3,234,224	3,804	3,238,028
Gross Profit		**33,744,147**	**(3,804)**	**33,740,343**
Other operating income		-	-	-
Selling and Marketing expenses	E	9,419,145	(6,440)	9,412,705
Research and Development expenses	E	2,079,994	(240)	2,079,754
General and Administrative expenses	A, B, D, E, F	40,598,838	(14,662,875)	25,935,964
Operating Profit		**(18,353,830)**	**14,665,750**	**(3,688,080)**
Finance income	E	28,510,951	45	28,510,996
Finance expense	A, B, D, E	10,210,582	27,609	10,238,191
Profit Before Tax		**(53,461)**	**14,638,186**	**14,584,725**
Income taxes	H	(5,363,324)	6,229,572	866,248
Net Profit		**5,309,863**	**8,408,614**	**13,718,477**
Other comprehensive income				
Gains/(losses) from remeasurement of employee defined benefit plans	A	-	(71,453)	(71,453)
Tax effect relating to that components of OCI			17,149	17,149
Other comprehensive income that will not be classified subsequently to profit or loss		**-**	**(54,304)**	**(54,304)**
Changes in the fair value of cash flows hedging instruments		-	2,721,045	2,721,045
Tax effect relating to that components of OCI		-	(653,051)	(653,051)
Other comprehensive income that will be classified subsequently to profit or loss		**-**	**2,067,994**	**2,067,994**
Total other comprehensive income, net of tax		**-**	**2,013,690**	**2,013,690**
Total comprehensive income		**5,309,863**	**10,422,304**	**15,732,167**

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Notes to the Financial Statements

A Severance Pay – Employee Benefit

Under Local GAAP the Company has accrued the undiscounted vested obligation for severance pay (TFR) as if all the employees left at the balance sheet date. Under IFRS, defined benefit plan obligations are recognized and measured using the projected unit credit method according to *IAS 19*. At the date of transition to IFRS, the Company remeasured the liability as Employee Benefits with an increase of EUR 451,703 (EUR 495,270 as at December 31, 2021). A reduction in expenses of EUR 37,287 has been recognized in profit or loss for the year ended December 31, 2021 (EUR 71,453 has been recognized as a loss on the 2021 other comprehensive income).

B Long-term Incentive Plan

Under Local GAAP, the Company recognized costs related to the Long-term Incentive Plan in full on an accrual basis. Under IFRS, Long-term Incentive Plan is considered as “Other Long-term employee benefits” and is recognized and measured using the projected unit credit method according to *IAS 19*. At the date of transition to IFRS, the Company remeasured the liability as Employee Benefits with a reduction of EUR 32,541 (EUR 408,608 as at December 31, 2021). A decrease in expenses of EUR 366,522 has been recognized in profit or loss for the year ended December 31, 2021.

C Borrowing Costs

Under Local GAAP the Group expensed borrowing costs as incurred. At the date of transition, the Group elected to capitalize borrowing costs only in respect of qualifying assets for which the commencement date for capitalization was on or after the date of transition. At the date of transition to IFRS, the Company remeasured the Property, plant and equipment with an increase of EUR 143,297 (EUR 138,842 as at December 31, 2021). An increase in depreciation of EUR 4,455 has been recognized in profit or loss for the year ended December 31, 2021.

D Cash settled awards and Equity settled transactions

Under Local GAAP, the Company recognized only the cost for the cash settled awards or for equity settled awards on a cash basis. For cash settled awards, IFRS require these obligations to be 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 in accordance to *IAS 19*. For the equity settled transactions, IFRS 2 require the cost of the transactions to be determined by the fair value at the date when the grant is made. That cost is recognized in employee benefits expense, together with a corresponding increase in a reserve of shareholder’s equity, over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). At the date of transition to IFRS, the Company recognized an additional liability as Employee Benefits of EUR 21,333,038 (EUR 1,353,196 as at December 31, 2021). As at December 31, 2021, an equity reserve for stock grant of EUR 1,230,673 has been recognized. An additional income of EUR 8,653,186 has been recognized in profit or loss for the year ended December 31, 2021 mainly related to the reverse of an accrual under cash settled awards.

E Leases

Under Local GAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognized as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under IFRS, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognizes lease liabilities to make lease payments and Right of Use assets representing the right to use the underlying assets. At the date of transition to IFRS, the Company applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate at the date of transition to IFRS. Right of Use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments. When the Company is required to restore a leased assets at the end of the lease period, Right of Use assets are increased for the estimated decommissioning costs and a provision is recognized for the same amount. As a result, at the date of the transition to IFRS, the Company recognized an increase of EUR 2,571,061 (EUR 2,535,968 as at December 31, 2021) of lease liabilities included under financial liabilities and EUR 2,509,456 (EUR 2,503,397 as at December 31, 2021) of Right of Use assets.

Additionally, depreciation increased by EUR 1,290,271 (EUR 26,038 was included in Cost of sales, EUR 1,164,848 was included in General and Administrative expenses, EUR 91,348 was included in Selling and Marketing expenses and EUR

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8,037 was included in Research and Development expenses) and interest expenses increased by EUR 35,056 for the year ended December 31, 2021.

F Depreciation

Under Italian law depreciation of the assets can be reduced up to 50% during the first year of utilization. *IAS 16* requires the depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. At the date of transition to IFRS, the Company remeasured the property, plant and equipment with an increase of EUR 124,954 (EUR 124,954 as at December 31, 2021).

G Transaction costs for Listing fees

Under Local GAAP, expenses incurred for the increase in share capital can be qualified as expansion costs of a company and then capitalized as intangible assets. IFRS require that 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. As at December 31, 2021 the Company remeasured the intangible assets with a decrease of EUR 22,369,394 and recognized an increase in equity of EUR 21,250,924 (net of tax). The depreciation for the year ended December 31, 2021 has been decreased of EUR 5,592,348.

H Deferred tax

The various transitional adjustments resulted in various temporary differences. According to the accounting policies in Note 2.2, the Company has to recognize the tax effects of such differences. Deferred tax adjustments are recognized in correlation to the underlying transaction either in retained earnings or a separate component of equity.

I Statement of cash flows

Under Local GAAP, a lease is classified as a finance lease or an operating lease. Cash flows arising from operating lease payments are classified as operating activities. Under IFRS, a lessee generally applies a single recognition and measurement approach for all leases and recognizes lease liabilities. Cash flows arising from payments of principal portion of lease liabilities are classified as financing activities. Therefore, cash outflows from operating activities decreased by EUR 1,275,526 thousand and cash outflows from financing activities increased by the same amount for the year ended December 31, 2021.

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, 2022, described below.

New endorsed standards, amendments and interpretations

The Company adopted the following amendments and interpretations and effective for annual periods beginning on January 1, 2022 but did not require changes to accounting policies or retrospective adjustments.

- Amendments to *IFRS 3 - Reference to the Conceptual Framework*,
- Amendments to *IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use,*
- Amendments to *IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract.*

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

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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. The amendments did not have a material impact on the Company.

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 did not have a material impact on the Company.

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 amendments did not have a material impact on the Company.

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 Classification of Liabilities as Current or Non-current (the "2020 amendments"). The 2020 amendments clarified aspects of how entities classify liabilities as current or non-current; especially how an entity assesses whether it has the right to defer settlement of a liability when that right is subject to compliance with specified conditions within twelve months after the reporting period.

In July 2020, due to the Covid pandemic the IASB issued Classification of Liabilities as Current or Non-current – Deferral of Effective Date which deferred the application date of the 2020 amendments to annual reporting periods starting on or after January 1, 2023.

In December 2020, after informal feedback and enquiries received from stakeholders, the IFRS Interpretations Committee issued a tentative agenda decision clarifying how the 2020 amendments where to be applied for liabilities with covenants in particular fact patterns. Respondents to the tentative agenda decision raised concerns about the outcomes and potential consequences of the 2020 amendments in some situations (e.g., when covenants are negotiated that will have to be complied with after the reporting period end due to seasonality reasons). The IFRS Interpretation Committee reported this feedback to the IASB, highlighting new information (e.g. the seasonality issue) that the IASB had not considered when developing the 2020 amendments.

In October 2022, after having issued its Exposure Draft ED/2021/9 Non-current Liabilities with Covenants in November 2021, the IASB issued Amendments to IAS 1: Non-current Liabilities with Covenants which amended parts of the 2020 amendments with the aim to improve the information an entity provides when it has the right to defer settlement of a liability arising from a loan arrangement for at least twelve months subject to compliance with covenants, in addition to addressing concerns about the classification of such liabilities as current or non-current.

The Amendments provide enhanced clarity relating to the issue of settlement by adding new guidance in IAS 1. The Amendments provide enhanced guidance on the interpretation of right to defer by amending existing requirements and adding guidance in IAS 1. The Amendments also provide enhanced information for users by requiring disclosures about the existing covenants and facts and circumstances, if any that indicate the entity may have difficulty complying with covenants.

Applying the Amendments an entity shall:

(a) classify a liability as current, when one or more of the criteria in paragraph 69(a) to (c) of IAS 1 is met or, when it does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period (see paragraph 69(d) of IAS 1);

(b) classify a liability as current or non-current unaffected by management's intent or expectations about whether the entity will exercise its right to defer settlement (guidance in new paragraphs 75A of IAS 1);

(c) apply enhanced guidance on the notion of settlement (guidance in new paragraphs 76A and 76B of IAS 1);

(d) apply new guidance in paragraphs 72A and 72B of IAS 1, partly amended guidance in paragraphs 73 and 74 of IAS 1 and the guidance in paragraph 75 of IAS 1 when considering whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. A short description of the content of the new and amended requirements is that an entity considers the covenant in a loan arrangement if the entity is required to comply with the covenant on or before the end of the reporting period, and does not consider the covenant in a loan arrangement if the entity is only required to comply with the covenant based on facts and circumstances after the reporting period;

(e) provide certain disclosures when it has classified a liability arising from a loan arrangement as non-current and the right is subject to the entity complying with covenants within twelve months after the reporting period (requirements in new paragraph 76ZA of IAS 1);

(f) apply enhanced guidance (in amended paragraph 76 of IAS 1) on disclosures in case of non-adjusting events in accordance with IAS 10 Events after the reporting period.

The Amendments are effective for annual reporting periods beginning on or after January 1, 2024 with earlier application permitted. If an entity decides to apply early any parts of the Amendments, then the entity has to disclose that fact and has to early apply all of the Amendments from the same date. An entity applies the Amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

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 Company.

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

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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 Company.

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 Company.

4. Revenues from contract with customers

Disaggregated revenue information

	For the years ended December 31,	
	2022	**2021**
Type of goods or service	**(EUR)**	
Revenues from sales and services	48,289,024	36,978,371
Total revenue from contracts with customers	**48,289,024**	**36,978,371**
Geographical markets		
EMEA	36,523,564	27,325,346
APAC	1,957,929	1,903,811
North America	8,399,955	6,222,424
South America	1,407,576	1,526,790
Total revenue from contracts with customers	**48,289,024**	**36,978,371**
Timing of revenue recognition		
Goods and services transferred at a point in time	48,289,024	36,978,371
Total revenue from contracts with customers	**48,289,024**	**36,978,371**

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 from sales and services increased by EUR 11,310,653 to EUR 48,289,024 for the year ended December 31, 2022 compared to EUR 36,978,371 for the year ended December 31, 2021 due to management fees, as additional services that the Parent Company rendered to its affiliates.

5. Cost of sales

Cost of sales for the year ended December 31, 2022 amounted to EUR 3,417,874 (EUR 3,238,028 for the year ended December 31, 2021), consisting mainly in the labor expense related to the production and distribution of goods and services supplied by the Group and the depreciation of the facilities in Piombino Dese, Italy. The depreciation and amortization included in Cost of sales amounted to EUR 1,537,786 for the year ended December 31, 2022 and to EUR 1,405,425 for the year ended December 31, 2021.

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6. Other operating income

Other operating income for the year ended December 31, 2022 amounted to EUR 3,005,557. Other operating income included a contribution of EUR 3 million from a strategic partner for the joint development of the intellectual property underlying an SG proprietary product which was accrued in the fourth quarter of fiscal year 2022.

7. Expenses

Expenses are detailed as follows:

	For the years ended December 31,	
	2022	**2021**
	(EUR)	
Selling and Marketing expenses	9,409,122	9,412,705
Research and Development expenses	5,503,654	2,079,754
General and Administrative expenses	45,655,679	25,935,964
Total Expenses	**60,568,455**	**37,428,423**

For the year ended December 31, 2022 Selling and Marketing expenses amounted to EUR 9,409,122 (EUR 9,412,705 in 2021). These expenses are mainly related to personnel expenses for the sales organizations. They also include depreciation and amortization for EUR 233,339 (EUR 295,239 in 2021).

Research and Development expenses amounting to EUR 5,503,654 for the year ended December 31, 2022 (EUR 2,079,754 in 2021) include costs for research and development activities to support the innovation of products and components and include depreciation and amortization for EUR 16,300 (EUR 8,037 in 2021).

Research and Development expenses increase by EUR 3,423,900 in 2022 compared to 2021 is primarily due to the costs recharged by a subsidiary for the development of an SG proprietary product for which above mentioned contribution was accrued.

For the year ended December 31, 2022, General and Administrative expenses amount to EUR 45,655,679 (EUR 25,935,964 in 2021) and mainly comprise personnel expenses for administrative functions, consultancies, directors compensation, rental fees as well as, depreciation and amortization for 4,139,819 (EUR 3,172,751 in 2021).

General and Administrative expenses increase by EUR 19,719,715 is mainly due to higher labor costs for the year ended December 31, 2022 compared to the year ended December 31, 2021 to support the growth in the business. This was offset by a benefit of EUR 9,883,858 from the reversal of an accrual in connection with the termination of the incentive plans 2012-2021 and 2018-2022 which were replaced by the new stock grant plan 2021-2027. The effects of the accrual reversal for the year ended December 31, 2021 were partially offset by a EUR 679,113 discretionary, out-of-cycle bonus to personnel. In addition, the increase in costs associated with the status of being listed on the NYSE, such as insurance and other organizational structure costs, as well as higher IT costs, unfavorably impacted General and Administrative expenses for the year ended December 31, 2022.

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8. Other information by nature

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

	For the years ended December 31, 2022	2021
	(EUR)	
Personnel	19,028,952	9,052,737
Other Costs and Incomes	37,150,045	24,897,005
Depreciation and Amortization	4,389,458	3,476,027
Expected Credit Losses	—	2,652
Total Expenses	**60,568,455**	**37,428,423**

Other Costs and Incomes are broken down as follows:

	For the years ended December 31, 2022	2021
	(EUR)	
Utilities	34,501	30,342
Travel	719,926	179,026
Consultancies	7,122,542	7,101,127
Rents and Leasing	8,392,069	5,807,318
Insurances	7,553,704	2,534,536
Telephone and data transmission	1,449,300	1,302,290
Marketing costs	1,796,830	1,160,229
Maintenance	1,006,365	1,274,630
Cleaning, surveillance and security	348,428	307,998
Bank charges	60,782	36,718
Recruitment costs	1,484,617	1,627,656
Directors's Compensation	2,935,681	2,271,108
Audit Fees	738,067	590,505
Statutory Auditor Fees	10,140	31,027
Other costs	5,602,652	2,714,601
Total Other Costs	**39,255,604**	**26,969,111**
Income from Leases and Rents	2,012,888	2,012,888
Other income	92,671	59,218
Total Other Incomes	**2,105,559**	**2,072,106**
Total Other Costs & Incomes	**37,150,045**	**24,897,005**

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Depreciation and amortization can be broken down as follows:

	For the years ended December 31,	
	2022	**2021**
	(EUR)	
Cost of sales	1,537,786	1,405,425
Selling and Marketing expenses	233,339	295,239
Research and Development expenses	16,300	8,037
General and Administrative expenses	4,139,819	3,172,751
Total Depreciation & Amortization	**5,927,244**	**4,881,453**

For further details on amortization and depreciation for the years ended December 31, 2022 and 2021, reference should be made to the movements in property, plant and equipment, intangible assets and right of use assets. (Note 13 - 14 - 29).

9. Finance income

Finance income are as follows:

	For the years ended December 31,	
	2022	**2021**
	(EUR)	
Interest income from banks deposits	10,701	6,156
Income from financial discounts	63	87
Interest income on loans to affiliates	2,450,436	1,874,435
Other financial income	90,972	43,893
Dividends received	44,000,000	25,000,000
Foreign currency exchange rate gains	5,018,883	1,313,797
Derivatives revaluation	2,107,551	272,628
Total finance income	**53,678,606**	**28,510,996**

Finance income increase by EUR 25,167,610 to EUR 53,678,606 for the year ended December 31, 2022 compared to EUR 28,510,996 for the year ended December 31, 2021 mainly due to the increase in the dividend received from affiliates.

10. Finance expense

Finance expense are as follows:

	For the years ended December 31,	
	2022	**2021**
	(EUR)	
Interest on debts and borrowings	3,067,766	4,075,225
Financial discounts and other expenses	49,676	35,162
Interest on lease liabilities	29,702	35,056
Interest expenses from affiliates	394,815	342,775
Financial component IAS 19	28,956	(8,391)
Foreign currency exchange losses	3,777,227	5,056,662
Derivatives devaluation	1,106,709	701,703
Total finance expense	**8,454,851**	**10,238,191**

Finance expense amounted to EUR 8,454,851 for the year ended December 31, 2022 compared to EUR 10,238,191 for the year ended December 31, 2021. Finance expenses include bank interest on the Company'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 Company; the net foreign currency exchange impact, given by the sum of gains and losses, amounted to EUR 1,241,656 net gain for the year ended December 31, 2022 and to EUR 3,742,865 net loss for the year ended December, 31 2021.

For the year ended December 31, 2021, foreign currency exchange losses are affected by non-recurring loss amounting to EUR 4,279,776 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.

The net loss on derivative instruments at fair value through profit or loss relates to foreign exchange forward contracts that did not qualify for hedge accounting.

11. Employee benefits expense

Employee benefits expense are detailed as follows:

	For the years ended December 31,	
	2022	**2021**
	(EUR)	
Included in Cost of sales:		
Wages and salaries	991,797	1,371,518
Social security costs	231,488	205,966
Pension costs	108,995	82,515
Share-based payment expense	44,698	—
Included in Selling and Marketing expenses:		
Wages and salaries	3,281,409	4,415,061
Social security costs	713,560	703,678
Pension costs	280,950	230,026
Share-based payment expense	155,336	—
Included in General and Administrative expenses:		
Wages and salaries	9,468,769	9,568,749
Social security costs	1,733,321	1,562,925
Pension costs	545,227	479,973
Cash settled awards	—	(10,830,853)
Share-based payment expense	1,285,242	1,740,223
Included in Research and Development expenses:		
Wages and salaries	806,114	1,013,229
Social security costs	117,488	126,903
Pension costs	34,827	42,823
Share-based payment expense	606,710	—
Total employee benefits expense	**20,405,932**	**10,712,736**

Personnel costs increased by EUR 9,693,196 to EUR 20,405,932 for the year ended December 31, 2022 compare to EUR 10,712,736 for the year ended December 31, 2021.

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The increase in personnel costs is driven by the increase in personnel to support the growth of the business, annual merit increases, inflationary adjustments and legislative provisions.
The increase in General and Administrative personnel expenses for the year ended December 31, 2022 is mainly due to the cost accrued under new stock grant plan 2021-2027, as amended in 2022. The change is further explained considering that the year ended December 31, 2021 was positively affected by a non-recurring accrual reversal of EUR 9,883,858 related to cash settled awards under incentive plans 2012-2021 and 2018-2022 (which were terminated early in favor of the new stock grant plan 2021-2027) which was only partially offset by a non-recurring out of cycle bonus to personnel amounting to EUR 679,113.
For further details on "SG Restricted Stock Grant Plan 2021-2027" please refer to Note 26.

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

	For the years ended December 31,	
	2022	**2021**
Executives	25	22
Managers	28	23
Employees	149	138
Total Workforce	**202**	**183**

12. Income tax

Income tax expense is as follows:

	For the years ended December 31,	
	2022	**2021**
	(EUR)	
Current income tax:		
Current Taxes	(5,320,403)	(6,045,848)
Prior Years Taxes	242,094	934,286
Deferred tax:		
Deferred Taxes	2,088,509	5,977,810
Income tax expense reported in the statement of profit or loss	**(2,989,800)**	**866,248**

	For the years ended December 31,	
	2022	**2021**
	(EUR)	
Deferred tax related to items recognized in OCI during in the year:		
Gains/(losses) from remeasurement of employee of defined benefit plans and of agent termination plans	(153,396)	17,149
Change in the fair value of hedging instruments	(1,839,263)	(653,051)
Deferred tax charged to OCI	**(1,992,659)**	**(635,902)**

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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.

	For the years ended December 31, 2022	2021
	(EUR)	
Accounting profit before income tax	**32,532,007**	**14,584,725**
Statutory income tax rate of 27.9%	7,807,682	3,500,323
Prior years taxes	242,094	934,286
Not taxed dividends	(10,032,000)	(5,700,000)
ACE	(1,243,796)	(733,770)
Reverse of DTA on stock grant plan	—	2,611,431
Tax grants/not taxable items	236,221	253,978
At the effective income tax rate of (9,2%) (5,9% in 2021)	**(2,989,800)**	**866,248**
Income tax expense reported in the statement of profit or loss	(2,989,800)	866,248

For the year ended December 31, 2022, income tax expense amounted to EUR (2,989,800) compared to EUR 866,248 for the year ended December 31, 2021. For the year ended December 31, 2021, income tax expense was affected by a non-recurring release of deferred tax assets for EUR 2,611,431 due to the early termination of legacy incentive plans aimed at a limited number of executives.

The Company exercised, jointly with the consolidator Stevanato Holding S.r.l., the option to adhere to “Domestic Tax Consolidation”, as allowed under articles 117 et seq of Presidential Decree n. 917/86 for the three-year period 2022-2024.

The analysis of deferred tax assets and deferred tax liabilities as at December 31, 2022 and 2021 is as follows:

	Statement of financial position At December 31, 2022	At December 31, 2021
	(EUR)	
Revaluations of investment properties to fair value	117,180	117,180
Derivatives	(1,435,867)	403,397
Leases – IFRS 16	24,667	8,518
Long term incentives	45,202	559,995
Forex Effects	(305,371)	(116,046)
TFR – IAS 19	(56,123)	118,865
Start up costs IPO SG spa	4,026,491	5,368,654
Share-based compensation plans	324,767	324,767
Other effects	(64,295)	(27,511)
Deferred tax assets, net	**2,676,651**	**6,757,820**
Reflected in the statement of financial position as follows:		
Deferred tax assets	4,931,482	7,115,193
Deferred tax liabilities	(2,254,831)	(357,373)
Deferred tax assets, net	**2,676,651**	**6,757,820**

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:

	2022	2021
	(EUR)	
As of January 1	**6,757,820**	**6,660,714**
Tax expense during the period recognized in profit or loss	(2,088,509)	(5,977,810)
Tax income/(expense) during the period recognized in OCI	(1,992,659)	(635,902)
DTA on IPO transaction costs on capital increase	—	6,710,818
As at December 31	**2,676,651**	**6,757,820**

13. Intangible assets

Changes in intangible assets for the year ended December 31, 2022 and 2021 are as follows:

	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Intangible fixed assets in process and advances	Other intangible assets	Costs to obtain a contract	Total
			(EUR)			
Cost						
At January 1, 2021	**9,728,925**	**5,322,933**	**233,977**	**670,523**	**—**	**15,956,358**
Additions	758,528	—	3,337,233	29,071	—	4,124,832
Reclassifications	163,177	—	(163,177)	—	—	—
At December 31, 2021	**10,650,630**	**5,322,933**	**3,408,033**	**699,594**	**—**	**20,081,190**
Additions	4,235,168	—	1,748,217	—	500,000	6,483,385
Reclassifications	3,312,954	—	(3,312,954)	—	—	—
At December 31, 2022	**18,198,752**	**5,322,933**	**1,843,296**	**699,594**	**500,000**	**26,564,575**
Amortization						
At January 1, 2021	**6,305,346**	**4,829,161**	**—**	**607,059**	**—**	**11,741,566**
Amortization	1,478,101	323,188	—	50,799	—	1,852,088
At December 31, 2021	**7,783,447**	**5,152,349**	**—**	**657,858**	**—**	**13,593,654**
Amortization	2,360,516	157,424	—	23,838	33,333	2,575,111
At December 31, 2022	**10,143,963**	**5,309,773**	**—**	**681,696**	**33,333**	**16,168,765**
Net book value						
At December 31, 2022	8,054,789	13,160	1,843,296	17,898	466,667	10,395,810
At December 31, 2021	2,867,183	170,584	3,408,033	41,736	—	6,487,536
At January 1, 2021	3,423,579	493,772	233,977	63,464	—	4,214,792

Industrial patents and intellectual property rights increase in EUR 4,235,168 due to the acquisition of licenses for IT Systems and the capitalization of costs associated with upgrading the enterprise resource planning system (ERP).

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 1,748,217 mainly due to the integration of our business divisions into the cloud-based enterprise resource planning system. The Company performed an analysis on such cloud

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computing arrangements for identifying whether they provided a resource identifiable as intangible assets and established that the Company 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 Company has the contractual right to take possession of the software during the hosting period without significant penalty and (ii) it is feasible for the Company to run the software on its own hardware or contract with another party unrelated to the supplier to host the software.

The increase in Costs to obtain a contract is due to the capitalization of a fee paid to a strategic partner under a collaboration agreement that makes Stevanato Group the exclusive manufacturing partner for a drug delivery device, offering a full set of capabilities to its pharmaceutical customers.

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.

14. Property, plant and equipment

Changes in items of property, plant and equipment in 2022 and 2021 are as follows:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Assets under construction and advances	Total
			(EUR)			
Cost						
At January 1, 2021	**26,791,195**	**1,196,564**	**210,640**	**2,205,285**	**3,030,105**	**33,433,789**
Additions	1,452,993	—	—	275,244	5,716,187	7,444,424
Reclassifications	2,955,650	—	—	13,443	(2,969,093)	—
Increase form real estate spin-off	28,879,049	—	—	—	—	28,879,049
At December 31, 2021	**60,078,887**	**1,196,564**	**210,640**	**2,493,972**	**5,777,199**	**69,757,262**
Additions	363,821	—	14,700	236,514	13,207,555	13,822,590
Disposals	—	—	—	(147,224)	—	(147,224)
Reclassifications	467,314	—	—	68,888	(536,202)	—
At December 31, 2022	**60,910,022**	**1,196,564**	**225,340**	**2,652,150**	**18,448,552**	**83,432,628**
Depreciation and impairment						
At January 1, 2021	**5,843,202**	**1,177,854**	**85,434**	**1,556,912**	**—**	**8,663,402**
Depreciation charge for the year	1,470,155	17,085	27,414	224,440	—	1,739,094
Increase form real estate spin-off	12,192,822	—	—	—	—	12,192,822
At December 31, 2021	**19,506,179**	**1,194,939**	**112,848**	**1,781,352**	**—**	**22,595,318**
Depreciation charge for the year	1,569,239	1,625	28,393	256,392	—	1,855,649
Disposals	—	—	—	(147,224)	—	(147,224)
At December 31, 2022	21,075,418	1,196,564	141,241	1,890,520	—	24,303,743
Net book value						
At December 31, 2022	39,834,604	—	84,099	761,630	18,448,552	59,128,885
At December 31, 2021	40,572,708	1,625	97,792	712,620	5,777,199	47,161,943
At January 1, 2021	20,947,993	18,710	125,206	648,373	3,030,105	24,770,386

Land and buildings increase in 2022 principally concerns the expansion of the industrial facilities mainly in Piombino Dese, Italy. For the year ended December 31, 2021 the increase in Land and buildings was mainly due to the partial

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proportionally spin-off of the buildings in Piombino Dese. This operation involved Stevanato Group S.p.a. as beneficiary together with Nuova Ompi S.r.l.. On accounting side, in addition to the recording of the net book value updated to December 31, 2021 of the split assets resulted in an increase in shareholders' equity of EUR 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 (i.e. January 1, 2021). These differences, in the amount of EUR 707,775, were settled by way of a cash payment to the beneficiary company.

Assets under construction, amounted to EUR 18,448,552 at December 31, 2022 and EUR 5,777,199 at December 31, 2021, included investments in the new building in Piombino Dese, that will host both corporate offices and production areas.

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

15. Equity investments

The following information is provided in relation to investments held directly in subsidiaries:

	Country of incorporation	% Ownership	At December 31, 2022	2021	At January 1, 2021
Nuova Ompi S.r.l.	Italy	100,00%	36,663,455	36,663,455	36,663,455
S.P.A.M.I. S.r.l.	Italy	100,00%	10,274,906	10,274,906	10,274,906
Stevanato Group Int. a.s.	Slovakia	100,00%	88,620,133	88,620,133	88,620,133
Ompi N.A.	Mexico	30,76%	5,100,140	5,100,140	5,100,140
Ompi do Brasil LTDA	Brasil	79,00%	47,672,111	47,672,111	47,672,111
Balda Medical Gmbh	Germany	100,00%	37,525,000	37,525,000	37,525,000
Ompi of Japan Co., Ltd.	Japan	51,00%	39,408	39,408	39,408
Ompi of America Inc.	U.S.	83,73%	86,741,968	—	—
Total Equity Investments			**312,637,121**	**225,895,152**	**225,895,152**

The directors subjected the investments. to an impairment test (impairment test). The test showed no need for impairment. In particular, 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.

The results obtained were subjected to sensitivity testing in order to find out how this valuation process could change as the profitability parameters assumed in the expected future cash flows changed, the growth rate considered for projections beyond the plan period or the discount rate for the discounting of those flows. This analysis led the directors to assess that the equity value of the investment is supported by expected cash flows such that it can absorb normal changes in the parameters highlighted with respect to the sensitivity analyses generally carried out in valuation practice.

16. Financial assets - investments FVTPL

Financial assets amounted to EUR 336,005 at December 31, 2022 compared to EUR 56,005 and to EUR 6,005 at December 31, 2021 and at January, 1 2021 respectively. Investments increased following the subscription of an investment in a network of companies and in a national research center. Additional disclosures on fair value measurement has been included on Note 25.

17. Financial assets

The following table details the composition of financial assets:

	At December 31, 2022	At December 31, 2021	At January 1, 2021
		(EUR)	
Receivables from financing activities	—	446,699	4,613,975
Financial receivables from subsidiaries	—	52,363,636	65,069,665
Fair value of derivatives financial instruments	2,795,321	—	—
Other non-current financial assets	99,882	12,925	12,925
Other non-current financial assets	**2,895,203**	**52,823,260**	**69,696,565**
Fair value of derivatives financial instruments	4,845,761	49,283	19,366
Financial receivables from subsidiaries	169,749,721	78,625,330	59,390,838
Other current financial assets	**174,595,482**	**78,674,613**	**59,410,204**
Financial Assets	**177,490,685**	**131,497,873**	**129,106,769**

The decrease in receivables from financing activities assets is due to the reimbursement in 2022 of the financial loan amounting to EUR 446,699 as at December 31, 2021 in favor of a restricted number of key manager to meet fiscal obligations within the scope of an incentive plan related to the granting of treasury shares of Stevanato Group S.p.a.. At January 1, 2021, receivables from financing activities included EUR 4,613,975 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.

Non-current financial receivables from subsidiaries decrease is due to the reclassification of the balance as current financial receivables.

Current financial receivables at December 31, 2022 amounted to EUR 169,749,721 (EUR 78,625,330 and EUR 59,390,838 as at December 31, 2021 and January 1, 2021 respectively) and included the financing granted to some subsidiaries as well as the financial receivables from some affiliates participating in the centralized treasury management system (cash polling).

At December 31, 2022, other non-current financial assets and other current financial assets included interest swap derivatives. Other current financial assets also included foreign exchange derivatives. At December 31, 2021 interest swap derivatives were included in other current financial liabilities.

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The following table sets further the analysis of derivative assets and liabilities at December 31, 2022 and 2021 and at January 1, 2021:

	At December 31, 2022		At December 31, 2021		At January 1, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
			(EUR)			
Financial assets						
Foreign exchange forward contracts - not hedging instruments	1,658,304	1,658,304	49,283	49,283	19,366	19,366
Interest Rate Swap - hedging instruments	5,982,778	5,982,778	—	—	—	—
Financial liabilities						
Foreign exchange forward contracts - not hedging instruments	—	—	—	—	15,536	15,536
Interest Rate Swap - hedging instruments	—	—	1,680,819	1,680,819	4,401,865	4,401,865

As at December 31, 2022 the 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 and part of the foreign exchange forward contracts, 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 income statement according to the timing of the cash flows of the underlying transaction.

18. Trade receivables

Trade receivables as at December 31, 2022 amounted to EUR 3,070,444 (EUR 1,750 and EUR 5,617 as at December 31, 2021 and January 1, 2021 respectively). All revenues, due within 12 months, are realized within the EMEA geographic area for all three periods presented.

19. Tax receivables and tax payables

The breakdown in the account is as follows:

	At December 31, 2022	At December 31, 202	At January 1, 2021
		(EUR)	
Tax Receivables	7,779,979	8,792,962	2,962,475
Tax Payables	(3,254,251)	(3,644,335)	(2,263,678)

Tax receivables amounting to EUR 7,779,979 as at December 31, 2022 (EUR 8,792,962 and EUR 2,962,475 as at December 31, 2021 and January 1, 2021 respectively) included EUR 7,771,326 taxes receivable from Stevanato Holding S.r.l. within the scope of the tax consolidation agreement (EUR 6,048,628 and EUR 2,680,502 as at December 31, 2021 and January 1, 2021 respectively). As at December 31, 2021 tax receivables included EUR 2,744,335 as income tax advance payments.

Tax payables amounting to EUR 3,254,251 as at December 31, 2022 (EUR 3,644,335 and EUR 2,263,678 as at December 31, 2021 and January 1, 2021 respectively) mainly include tax payables to Nuova Ompi S.r.l. and Spami S.r.l. within the scope of the tax consolidation agreement. As at December 31, 2021, tax payables included a potential liability of an estimated EUR 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.

20. Other receivables

Other receivables are disclosed as follows:

	At December 31, 2022	At December 31, 2022	At January 1, 2021
		(EUR)	
Advances to suppliers	86,048	30,695	97,253
Accrued income and prepayments	7,527,169	3,934,805	876,698
VAT receivables	11,302,373	10,932,114	6,391,007
Other receivables	137,987	100,087	15,427
Receivables from affiliates	49,817,430	23,344,679	11,876,589
Total other receivables	**68,871,007**	**38,342,380**	**19,256,974**

Receivables from affiliates amounting to EUR 49,817,430 as at December 31, 2022 (EUR 23,344,679 and EUR 11,876,589 as at December 31, 2021 and January 1, 2021 respectively), include receivables for intercompany services provided by Stevanato Group S.p.a. As at December 31, 2021 it also included receivables within the scope of Group ‘s VAT scheme amounting to EUR 7,550,869 (EUR 3,137,225 as at January 1, 2021).

The increase in accrued income and prepayments is mainly attributable to the increase in insurance premiums in connection with the company’s new status as publicly listed.

Other receivables due within 12 months mainly concern security deposits.

21. Cash and cash equivalents

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

As at December 31, 2022, the Company had Cash and cash equivalents of EUR 129,364,273 compared to EUR 321,782,350 as at December 31, 2021 (EUR 4,446,858 as at January 1, 2021). The significant increase in bank and postal deposits occurred in 2021 was mainly attributable to the public listing of Stevanato Group S.p.a. on the New York Stock Exchange, following which the Company collected proceeds from the IPO for about EUR 380.1 million.

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22. Equity

The movements in the equity accounts are provided in the financial statements; the principal accounts and the changes are commented upon below.

Share capital

As at December 31, 2022 and 2021 the company paid-in share capital amounted to EUR 21,698,480 and was divided into 295,540,036 shares without any nominal value, including 34,103,005 ordinary shares and 261,437,031 Class A multiple voting shares. As of January 1, 2021 the company paid-in share capital amounted to EUR 20,002,000.

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 at December 31, 2022 and 2021 the share premium reserve amounted to EUR 389,311,716.

Legal Reserve

As at December 31, 2022 the legal reserve amounted to EUR 4,339,696 compared to EUR 4,000,400 as at December 31, 2021 (same amount as at January 1, 2021).

Revaluation Reserve

As at December 31, 2022 and 2021 the revaluation reserve amounted to EUR 3,468,612 (EUR 3,395,000 as at January 1, 2021).

Treasury shares

As at December 31, 2022 and 2021 a total of 30,840,555 of Company's A shares are held in treasury for a total cost of EUR (27,740,414). As at January 1, 2021 treasury shares amounted to EUR (26,189,347).

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 at December 31, 2022 cash flow hedge reserve amounted to EUR 4,546,911 compared to EUR (1,277,423) as at December 31, 2021 (EUR (3,345,417) as at January 1, 2021).

Reserve for actuarial gains/losses

Reserve for actuarial gains/losses includes actuarial gains and losses on the net defined employees benefits liability. As at December 31, 2022 the reserve for actuarial gains/losses amounts to EUR 121,787 compared to EUR (363,965) as at December 31, 2021 (EUR (309,661) as at January 1, 2021).

Retained earnings and other reserves

Retained earnings and other reserves include:

- Extraordinary reserve of EUR 38,516,196 as at December 31, 2022 (EUR 47,528,826 and EUR 33,351,260 as at December 31, 2021 and January 1, 2021 respectively);
- Capital payments of EUR 2,200,000 as at December 31, 2022 (same amount as at December 31, 2021 and January 1, 2021);
- Non distributable reserve of EUR 483,524 as at December 31, 2022;
- Other reserves of EUR 7,975,030 of December 31, 2022 (same amount as at December 31, 2021 and January 1, 2021);

- Treasury shares disposal reserve of EUR 640,443 as at December 31, 2022 and 2021 (EUR 989,047 as at January 1, 2021);
- Reserve for granted shares of EUR 11,728,250 as at December 31, 2022 (EUR 1,230,672 as at December 31, 2021);
- Retained earnings, considering the effects of 2021 restatement according to IFRS, of EUR 12,367,764 as at December 31, 2022 (same amount as at December 31, 2021).

Net profit

Net Profit amounted to EUR 35,521,807 as at December 31, 2022 (EUR 13,718,477 as at December 31, 2021).

23. Dividends

On June 1, 2022 Stevanato Group shareholders approved the distribution of EUR 13,499,674 dividends (EUR 0.051 per common share) in part from the net profits realized in the previous financial year and in part from "Other reserves".

On January 20, 2021 Stevanato Group shareholders' meeting approved the distribution of EUR 11,200,000 dividends (EUR 0.63 thousand per common share) from "Other reserves".

24. Financial liabilities

Total financial liabilities amounted to EUR 219,947,751 as at December 31, 2022 compared to EUR 290,875,428 as at December 31, 2021 (EUR 326,630,657 as at January 1, 2021); the balances in financial debt are as follows:

	At December 31, 2022	At December 31, 2021	At January 1, 2021
		(EUR)	
Lease liabilities - Right of Use	1,035,402	1,379,135	1,015,403
Bank loans	49,860,295	35,760,294	56,917,306
Financial liabilities due to affiliates	36,663,199	69,548,350	—
Fair value of derivatives	—	1,680,819	4,417,401
Total current financial liabilities	**87,558,896**	**108,368,598**	**62,350,110**
Lease liabilities - Right of Use	838,268	1,156,832	1,511,658
Bank loans	81,869,226	131,729,521	213,196,094
Notes	49,681,361	49,620,477	49,572,795
Total non-current financial liabilities	**132,388,855**	**182,506,830**	**264,280,547**
Financial Liabilities	**219,947,751**	**290,875,428**	**326,630,657**

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.

Financial liabilities due to affiliates at December 31, 2022 amounted to EUR 36,663,199 (EUR 69,548,350 as at December 31, 2021) included the financial liabilities from some affiliates participating in the centralized treasury management system (cash pooling).

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

As at December 31, 2022

	Currency	Amount	Maturity	Average Interest Rate	Amount in EUR
Bank Loans	EUR	50,018,182	2023	1.21%	50,018,182
	EUR	51,218,182	2024	1.17%	51,218,182
	EUR	23,809,091	2025	1.09%	23,809,091
	EUR	6,900,000	2026	1.71%	6,900,000
Amortized Cost	EUR	(215,934)	2023-2026		(215,934)
Total Bank Loans					**131,729,521**
Notes	EUR	25,000,000	2027	1.40%	25,000,000
	EUR	25,000,000	2028	1.40%	25,000,000
Amortized Cost	EUR	(318,639)	2023-2028		(318,639)
Total Notes					**49,681,361**
Total Bank Loans					**181,410,882**

As at December 31, 2021

	Currency	Amount	Maturity	Average Interest Rate	Amount in EUR
Bank Loans	EUR	35,918,182	2022	1.20%	35,918,182
	EUR	50,018,182	2023	1.24%	50,018,182
	EUR	51,218,182	2024	1.28%	51,218,182
	EUR	23,809,091	2025	1.33%	23,809,091
	EUR	6,900,000	2026	1.39%	6,900,000
Amortized Cost	EUR	(373,820)	2022-2026		(373,820)
Total Bank Loans					**167,489,816**
Notes	EUR	25,000,000	2027	1.40%	25,000,000
	EUR	25,000,000	2028	1.40%	25,000,000
Amortized Cost	EUR	(379,523)	2023-2028		(379,523)
Total Notes					**49,620,477**
Total Bank Loans					**217,110,293**

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As at January 1, 2021

	Currency	Amount	Maturity	Average Interest Rate	Amount in EUR
Bank Loans	EUR	57,160,964	2021	0.86%	57,160,964
	EUR	61,455,653	2022	0.91%	61,455,653
	EUR	61,805,396	2023	0.97%	61,805,396
	EUR	55,189,015	2024	1.08%	55,189,015
	EUR	28,259,091	2025	1.29%	28,259,091
	EUR	6,900,000	2026	1.36%	6,900,000
Amortized Cost	EUR	(656,718)	2023-2026		(656,718)
Total Bank Loans					**270,113,400**
Notes	EUR	25,000,000	2027	1.40%	25,000,000
	EUR	25,000,000	2028	1.40%	25,000,000
Amortized Cost	EUR	(427,205)	2023-2028		(427,205)
Total Notes					**49,572,795**
Total Bank Loans					**319,686,195**

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, 2022 and as at December 31, 2021, all financial covenants are complied with.

Some short-term payables are subject to secured guarantee, please refer to Note 33.

25. 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.

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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, 2022:

	Notes	Fair value measurement using Total	Level 1	Level 2	Level 3
			(EUR)		
Cash and cash equivalents	21	129,364,273	129,364,273	—	—
Equity Investments others	16	336,005	—	—	336,005
Derivatives financial assets	17	7,641,082	—	7,641,082	—
Total assets		**137,341,360**	**129,364,273**	**7,641,082**	**336,005**

As at December 31, 2021:

	Notes	Fair value measurement using Total	Level 1	Level 2	Level 3
			(EUR)		
Cash and cash equivalents	21	321,782,350	321,782,350	—	—
Equity Investments others	16	56,005	—	—	56,005
Derivatives financial assets	17	49,283	—	49,283	—
Total assets		**321,887,638**	**321,782,350**	**49,283**	**56,005**
Derivatives financial liabilities	24	1,680,819	—	1,680,819	—
Total Liabilities		**1,680,819**	**—**	**1,680,819**	**—**

As at January 1, 2021:

	Notes	Fair value measurement using Total	Level 1	Level 2	Level 3
			(EUR)		
Cash and cash equivalents	22	4,446,858	4,446,858	—	—
Equity Investments others	17	6,005	—	—	6,005
Derivatives financial assets	18	19,366	—	19,366	—
Total assets		**4,472,229**	**4,446,858**	**19,366**	**6,005**
Derivatives financial liabilities	25	4,417,401	—	4,417,401	—
Total Liabilities		**4,417,401**	**—**	**4,417,401**	**—**

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 16.

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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	Consideration
PGIM, Inc			EUR
	April 16, 2020	1	50,000,000

No borrowings of the Group are listed debt.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended December 31, 2022 and 2021.

The fair value of the loans accounted for at amortized cost approximates their carrying amounts as at December 31, 2022 and 2021 and as at January 1, 2021.

26. Employee benefits

Employee benefits are analyzed as follows:	At December 31, 2022	At December 31, 202	At January 1, 2021
		(EUR)	
Employee severance pay	2,656,541	3,146,078	2,907,401
Long term incentive plan	169,495	2,333,313	1,103,410
Cash settled awards	—	—	21,333,038
Stock grant plan	1,353,195	1,353,195	—
Other share-based compensation	664,736	—	—
Total employee benefits	**4,843,968**	**6,832,588**	**25,343,849**

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 Company recognizes the associated cost, being the required contributions to the pension funds, over the period in which the employee renders service.

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 Company's liabilities for employee benefits are as follows:

	Trattamento Fine Rapporto (EUR)
At January 1, 2021	**2,907,401**
Interest cost	9,401
Current service cost	401,590
Benefits paid	(243,768)
Actuarial Gains and Losses	71,453
At December 31, 2021	**3,146,078**
Recognized in the consolidated income statement	410,991
Recognized in the other comprehensive income	71,453
At January 1, 2022	**3,146,078**
Interest cost	28,956
Current service cost	496,545
Benefits paid	(375,890)
Actuarial Gains and Losses	(639,148)
At December 31, 2022	**2,656,541**
Recognized in the consolidated income statement	525,501
Recognized in the other comprehensive income	(639,148)

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

As at December 31, 2022 and 2021, and as at January 1, 2021

	Trattamento di fine rapporto		
	December 31		**January 1,**
	2022	**2021**	**2021**
Discount Rate %	3.77%	0.98%	0.34%
Future salary increase %	0.50%	0.50%	0.50%
Inflation rate %	2.30%	1.75%	0.80%

The discount rates used for the measurement of the pension plan obligation (including Italian TFR obligation) are based on yields of high-quality 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 14.3 years. Retirement or employee leaving rates are developed to reflect actual and projected experience and legal requirements for retirement.

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A quantitative sensitivity analysis for significant assumptions impacting defined benefits obligation as at December 31, 2022 and 2021 and as at January 1, 2021 is reported as follows:

	At December 31, 2022	At December 31, 202	At January 1, 2021
		(EUR)	
Turnover rate +1,00%	19,404	(40,664)	(36,292)
Turnover rate -1,00%	(22,118)	46,874	41,780
Inflation rate +0,25%	46,618	66,145	62,240
Inflation rate -0,25%	(45,312)	(64,033)	(60,211)
Annual discount rate +0,25%	(58,458)	(83,873)	(78,185)
Annual discount rate -0,25%	60,836	87,802	81,890

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, the Company established a medium/ long-term incentive plan linking remuneration and performance. The Board of Directors approved a compensation plan called the “Long-term Incentive plan” for 2020-2023. The four-year plan included a select number of top Management and/ or key people and was based on achieving certain key performance indicators under the Group's long-term industrial plan targets.

On April 11, 2022 the Board of Directors approved an amendment to the "Restricted Stock Grant Plan Stevanato Group S.p.A. 2021-2027", in order to allow the entry of new beneficiaries in 2022, previously involved in the compensation plan called "Long Term Incentive 2020-2023". In accordance with specific rules, existing and new beneficiaries relating to the first vesting period coexist during 2022 under the "Restricted Stock Grant Plan Stevanato Group S.p.A. 2021-2027". Through such amendment, beneficiaries of the Long Term Incentive 2020-2023 were offered the possibility of becoming beneficiaries of the "Restricted Stock Grant Plan Stevanato Group S.p.A. 2021-2027" in 2022 by using the rights deriving from the participation in the Long-Term Incentive 2020-2023 in the meantime accrued to them, but providing, that the free of charge transfer of the property of a certain number of Stevanato Group S.p.A. shares should have been done after the end of the First Vesting Period, after having verified the actual achievement of the Performance Objectives (in terms of consolidated revenue and EBITDA) set for such vesting period and the continuation of the employment relationship.

The letters of assignment of shares were issued to beneficiaries on May 12, 2022 and from that date the amendment of the incentive plans produced its accounting effects for those beneficiaries who accepted the incentive plan modification.

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

	Long Term Incentive Plan 2020-2023
	(EUR)
At January 1, 2021	**1,103,410**
Interest cost	(4,445)
Current service cost	1,215,062
Actuarial Gains and Losses *	19,286
At December 31, 2021	**2,333,313**
Current service cost	62,780
Benefits paid	(852,000)
Actuarial Gains and Losses *	(1,374,598)
At December 31, 2022	**169,495**

*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. The main impact considered as actuarial gain and losses relates to the experience adjustment and to the above-mentioned incentive plan modification; it has been accounted together with the current service cost by function as part of personnel costs.

Cash settled awards

Cash settled awards were 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.

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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:

	Incentive plan 2012-2021	Incentive plan 2018-2022	Total
	(EUR)		
At January 1, 2021	13,338,268	7,994,770	21,333,038
Interest cost	(8,614)	(5,396)	(14,010)
Benefits paid	(7,919,408)	—	(7,919,408)
Actuarial Gains and Losses *	(3,298,579)	(7,532,274)	(10,830,853)
Transferred to SGP 2021-2027	(400,437)	—	(400,437)
Stocks granted	(1,711,229)	(457,100)	(2,168,329)
At December 31, 2021	—	—	—

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

Restricted Stock Grant Plan 2021-2027

At the Shareholders' Meeting of Stevanato Group held on March 4, 2021, a share-based incentive plan, referred to as the "Restricted Stock Grant Plan 2021-2027", was approved. This plan included individuals who play a strategic role in the Group related to the economic and strategic development of the Group and aligns 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 originally provided for three two-year vesting periods, 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). On April 11, 2022 the Board of Directors approved an amendment to the "Restricted Stock Grant Plan Stevanato Group S.p.A. 2021-2027", to allow the entry in 2022 of new beneficiaries, previously involved in the compensation plan called "Long Term Incentive 2020-2023". Through such amendment, (i) the total duration of the "Restricted Stock Grant Plan Stevanato Group S.p.A. 2021-2027" was limited to the First Vesting Period only and (ii) the beneficiaries were divided into two categories: the "initial beneficiaries" and the "new beneficiaries" for which specific rules apply.

At the beginning of the vesting period, a certain number of Stevanato Group ordinary shares – linked with the achievement of specific targets in terms of consolidated revenue and EBITDA within the end of the Vesting Period – was assigned free of charge to the initial beneficiaries. For the EBITDA definition, please refer to Management Report. The assigned shares are registered to a Trustee company and are 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 is finalized after each initial beneficiary signs 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 the vesting period, the employment relationship terminates.

In the event of over-performances related to the Key Indicators of Performance, initial beneficiaries will be granted, free of charge, an additional number of Stevanato Group shares related to the vesting period in which the targets were exceeded and the additional shares 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 initial beneficiaries of the plan.

The fair value measurement of the stock grant plan for the initial beneficiaries 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

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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".

On May 12, 2022, Stevanato Group S.p.A. sent, to the new beneficiaries of shares, a letter granting them the right to obtain the transfer free of charge of a certain number of shares if the targets, in terms of consolidated revenue and EBITDA provided for the vesting period in relation to which the shares were assigned, are achieved. New beneficiaries are individuals who play a strategic role in the Group, including its economic and strategic development, and the above right to transfer shares (subject to certain conditions) aligns 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 effectiveness of the rights attributed to each of the new beneficiaries of shares is conditional upon the verification by the Stevanato Group's administrative body of the degree of achievement of the performance target provided in relation to the first vesting period after the end of the first vesting period. On the basis of this assessment the number of shares indicated in the letter of attribution of rights can be reduced based on the degree of target achievement.

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:

	Stock grant plan 2021-2027
	(EUR)
At January 1, 2021	**—**
Transfer from SOP 2012-2021	400,437
Interest cost	5,763
Current service cost	946,995
At December 31, 2021	**1,353,195**
Current service cost	**—**
At December 31, 2022	**1,353,195**

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Other share-based compensation

As at December 31, 2022, the Group recognized a liability for other share-based compensation amounting to EUR 664,736. This represents the estimate of the grant date fair value of the award for the purposes of recognizing the services received by Group employees during the period between service commencement date and grant date.

27. Trade payables and other current liabilities

Trade payables and other current liabilities are detailed as follows:

	At December 31, 2022	At December 31, 2021	At January 1, 2021
Trade payables	13,048,451	12,607,250	7,912,694
Payables toward affiliates	31,606,411	15,335,959	9,838,369
Payables to social security institutions	698,667	699,303	627,952
Payables to personnel	5,285,679	5,305,592	4,846,736
Other tax payables	798,733	744,428	555,332
Accrued Income and Prepayments	381,962	392,628	580,215
Other current liabilities	219,235	242,514	65,689
Total trade payables and other current liabilities	**52,039,139**	**35,327,675**	**24,426,988**

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.

Payables toward affiliates amounting to EUR 31,606,411 as at December 31, 2022 (EUR 15,335,959 and EUR 9,838,369 as at December 31, 2021 and January 1, 2021 respectively), included payables within the scope of Group's VAT scheme amounting to EUR 27,559,669 (EUR 14,667,476 and EUR 9,750,600 as at December 31, 2021 and January 1, 2021 respectively).

28. Advances from customers

Advances from customers as at December 31, 2022 amounted to EUR 4,360,200 (EUR 2,280,000 and EUR 2,400,000 as at December 31, 2021 and January 1, 2021 respectively). The advances mainly concern agreements signed with pharmaceutical customers, which call for the expansion of production capacity and production reservation by the Group.

29. Leases

The Company has lease contracts for various items of plant, vehicles and other equipment used in its operations. Leases of plant 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 Company also has certain leases of equipment and vehicles with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

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Movements in the leased Right of Use assets in 2022 and 2021 are shown below:

	Buildings	Other tangible assets	Total
		(EUR)	
Cost			
At January 1, 2021	**384,533**	**4,017,407**	**4,401,940**
Additions	471,324	849,516	1,320,840
Disposals	(40,516)	—	(40,516)
At December 31, 2021	**815,341**	**4,866,923**	**5,682,264**
Additions	201,102	740,970	942,071
Disposals	(127,637)	(39,118)	(166,755)
At December 31, 2022	**888,805**	**5,568,775**	**6,457,580**
Depreciation			
At January 1, 2021	**128,020**	**1,764,464**	**1,892,484**
Depreciation charge for the year	111,400	1,179,203	1,290,603
Disposals	(4,220)	—	(4,220)
At December 31, 2021	**235,200**	**2,943,667**	**3,178,867**
Depreciation charge for the year	263,600	1,232,884	1,496,484
Disposals	(26,392)	(34,766)	(61,158)
At December 31, 2022	**472,409**	**4,141,785**	**4,614,194**
Net book value			
At December 31, 2022	416,396	1,426,989	1,843,386
At December 31, 2021	580,141	1,923,256	2,503,397
At January 1, 2021	256,513	2,252,943	2,509,456

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

	2022	2021
	(EUR)	
At January 1	**2,535,967**	**2,527,061**
Additions	916,938	1,320,839
Accretion of interest	29,702	35,056
Payments	(1,502,706)	(1,310,582)
Early terminated contracts	(106,231)	(36,407)
At December 31	**1,873,670**	**2,535,967**
Current	1,035,402	1,379,135
Non-current	838,268	1,156,832

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The following are the amounts recognized in profit or loss:

	For the years ended December 31,	
	2022	2021
	(EUR)	
Depreciation expense of Right of Use assets	1,496,485	1,290,271
Interest expense on lease liabilities	29,702	35,056
Expense relating to short-term leases	305,854	213,662
Expense relating to leases of low-value assets	1,652,294	3,565,920
Total amount recognized in profit or loss	**3,484,335**	**5,104,909**

30. Related party disclosures

According to *IAS 24*, the related parties of the Company are entities and individuals capable of exercising control, joint control or significant influence over the Company, 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 Company 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 1 provide information about the Group's structure, including details of the subsidiaries and the holding company.

Transaction with related parties refer to:

- 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.;
- for the year ended December 31, 2021 and 2020 consulting services rented by Federici William, by MJB Consultants LLC and Progenitor Capital Partners LLC, whose beneficial owners are Board members in Stevanato Group;
- consulting services provided by Studio Legale Spinazzi Azzarita Troi, whose beneficial owner is a Board member in Stevanato Group S.p.A.;
- 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;
- during the fiscal year ended December 31, 2021, Stevanato Group S.p.A. made loans aggregating approximately EUR 447 thousand to two senior executives in order for them to pay taxes arising from shares granted to them under our restricted stock grant plan. At the time the loans were made, management believed that these loans were permissible and did not violate Section 13(k) of the Exchange Act. Upon being advised that such loans were impermissible the two executives repaid such loans in full, after the end of the first quarter of 2022. As a result of this inadvertent violation, the Board adopted a policy regarding loans or advances to any Executive Officer or Director of the Company. The policy provides that "The Company shall not directly or indirectly, including through any subsidiary, extend or maintain credit to, or arrange for the extension of credit, or renew

an extension of credit, in the form of a personal loan to or for any Director or Executive Officer (or equivalent thereof) of the Company or any subsidiary of the Company.”;

- for the year ended December 31, 2021, recharge of the costs pertaining to the public offer for shares sale to Stevanato Holding S.r.l.;
- revenues from sales and services mainly concern the billing of services provided by the parent company to the subsidiaries.

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, 2022

	Revenues	Costs
	(EUR)	
Subsidiaires		
Balda Medical Gmbh	3,516,452	—
Balda C. Brewer Inc.	1,978,134	—
Balda Precision Inc.	77,715	—
Ompi of Japan Co., Ltd.	—	112,412
Nuova Ompi S.r.l	21,458,781	698,795
Medical Glass A.S.	2,349,456	—
Ompi NA S. de RL de CV	2,497,017	—
Ompi Pharmac Packing Tech. Co. Ltd - China	1,957,929	—
Ompi do Brasil I. e C. de Em. Far. Ltda	1,407,576	—
Ompi of America Inc.	3,507,089	—
Spami S.r.l.	5,692,026	—
Innoscan A/S	1,204,309	—
SVM Automatik A/S	2,302,542	—
Other related parties		
Società Agricola Stella S.r.l.	—	1,308
SFEM Italia S.r.l.	—	19,309
Studio Legale Spinazzi Azzarita Troi	—	261,865
Fondazione Stevanato	—	45,000

	Trade receivables	Trade payables	Other Liabilities
		(EUR)	
Subsidiaires			
Medirio SA	31,737	—	—
Balda Medical Gmbh	9,380,375	—	—
Balda C. Brewer Inc.	4,574,608	—	—
Balda Precision Inc.	7,821	—	—
Nuova Ompi S.r.l	13,033,569	3,032,432	714,249
Medical Glass A.S.	550,091	—	—
Ompi NA S. de RL de CV	1,508,615	25,586	15,651,695
Ompi Pharmac Packing Tech. Co. Ltd - China	2,408,343	—	—
Ompi do Brasil I. e C. de Em. Far. Ltda	1,772,027	—	—
Ompi of America Inc.	3,273,077	957,496	15,860,842
Spami S.r.l.	3,951,763	11,569	—
Innoscan A/S	3,790,921	—	—
SVM Automatik A/S	5,534,483	—	—
Stevanato Group International A.S.	—	19,658	4,436,412
Other related parties			
SFEM Italia S.r.l.	—	1,644	—
Studio Legale Spinazzi Azzarita Troi	—	43,525	—

Loan from/to related parties

For the year ended and as at December 31, 2022

	Interest received	Interest paid	Financial assets
		(EUR)	
Subsidiaires			
Balda Medical Gmbh	1,427,962	—	110,451,656
Balda C. Brewer Inc.	253,962	—	8,063,004
Ompi of Japan Co., Ltd.	11,601	—	906,441
Nuova Ompi S.r.l	4,334	122,656	—
Medical Glass A.S.	4,853	23,904	3,723,567
Ompi NA S. de RL de CV	—	75,855	—
Ompi of America Inc.	93,717	59,758	—
Spami S.r.l.	10,746	27,422	960,395
Innoscan A/S	356,996	—	20,969,071
SVM Automatik A/S	286,266	—	24,675,587
Stevanato Group International A.S.	—	85,221	—
Key management personnel of the Group:			
Directors and Key Managers	2,297	—	—

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For the year ended and as at December 31, 2021

	Revenue	Costs*
	(EUR)	
Parent company		
Stevanato Holding S.r.l.	4,474,598	—
Subsidiaries		
Balda Medical Gmbh	2,485,162	—
Balda C. Brewer Inc.	1,668,127	—
Balda Precision Inc.	71,247	—
Ompi of Japan Co., Ltd.	—	111,825
Nuova Ompi S.r.l	18,121,841	—
Medical Glass A.S.	2,142,384	—
Ompi NA S. de RL de CV	2,216,416	—
Ompi Pharmac Packing Tech. Co. Ltd - China	1,903,811	—
Ompi do Brasil I. e C. de Em. Far. Ltda	1,526,790	—
Ompi of America Inc.	2,160,387	293,428
Spami S.r.l.	3,958,008	—
Innoscan A/S	1,164,427	—
SVM Automatik A/S	1,491,884	—
Other related parties		
Società Agricola Stella S.r.l.	—	5,009
SFEM Italia S.r.l.	—	18,755
MJB Consultants LLC	—	56,791
Progenitor Capital Partners LLC	—	67,128
Studio Legale Spinazzi Azzarita Troi	—	553,306
Federici William	—	68,961
Fondazione Stevanato	—	40,000

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	Trade receivables	Trade payables	Other Assets	Other Liabilities
		(EUR)		
Subsidiaires				
Medirio SA	31,737	—	—	—
Balda Medical Gmbh	3,801,795	—	12,024,777	—
Balda C. Brewer Inc.	1,887,400	25,412	—	—
Balda Precision Inc.	47,676	—	—	—
Ompi of Japan Co., Ltd.	—	7,282	—	—
Nuova Ompi S.r.l	—	109,223	—	38,344,085
Medical Glass A.S.	—	28,347	—	5,032,773
Ompi NA S. de RL de CV	658,919	24,185	—	8,627,083
Ompi Pharmac Packing Tech. Co. Ltd - China	1,903,811	—	—	—
Ompi do Brasil I. e C. de Em. Far. Ltda	1,526,790	—	—	—
Ompi of America Inc.	1,259,362	293,013	—	—
Spami S.r.l.	—	149,814	2,360,545	18,017,468
Innoscan A/S	2,068,142	—	—	—
SVM Automatik A/S	2,608,178	—	—	—
Stevanato Group International A.S.	—	31,206	—	11,748,431
Other related parties				
Società Agricola Stella S.r.l.	—	3,104	—	—
SFEM Italia S.r.l.	—	1,558	—	—
Studio Legale Spinazzi Azzarita Troi	—	145,250	—	—

Loan from/to related parties

For the year ended and as at December 31, 2021

	Interest received	Interest paid	Financial assets
		(EUR)	
Parent company			
Stevanato Holding S.r.l.	—	—	6,048,628
Subsidiaires			
Medirio SA	—	—	—
Balda Medical Gmbh	1,316,634	—	72,681,818
Balda C. Brewer Inc.	114,336	—	7,593,148
Balda Precision Inc.	—	—	—
Ompi of Japan Co., Ltd.	13,103	—	977,911
Nuova Ompi S.r.l	12,205	109,223	—
Medical Glass A.S.	—	28,347	—
Ompi NA S. de RL de CV	6,125	24,185	—
Ompi Pharmac Packing Tech. Co. Ltd - China	—	—	—
Ompi do Brasil I. e C. de Em. Far. Ltda	—	—	—
Ompi of America Inc.	—	—	—
Spami S.r.l.	—	149,814	—
Innoscan A/S	319,117	—	20,565,919
SVM Automatik A/S	92,915	—	17,145,393
Stevanato Group International A.S.	—	31,206	—
Key management personnel of the Group:			
Directors and Key Managers	22,386	—	446,698

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, 2022

	Fixed remuneration		Pension	Share based compensation [3]	Total
	Annual fee	Fringe benefits[1]	expense [2]		remuneration
			(EUR)		
Total Directors	2,353,329	12,141	62,022	379,490	2,806,983

[1] Fringe benefits related to car and insurance benefits
[2] Pensions expense related to Trattamento Fine Mandato accrued on the year
[3] Shares granted to board members

For the year ended December 31, 2021

	Fixed remuneration		Pension	Long Term	Share based compensation [4]	Total
	Annual fee	Fringe Benefits [1]	expense[2]	Benefits[3]		remuneration
			(EUR)			
Total Directors	2,196,475	14,173	50,002	(2,965,558)	349,986	(355,922)

[1] Fringe benefits related to car and insurance benefits
[2] Pensions expense related to Trattamento Fine Mandato accrued on the year
[3] Long term benefits related to cash settled awards early terminated in 2021
[4] Shares granted to board members

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

For the year ended December 31, 2022

	Fixed remuneration		Variable	Pension	Share based	Total
	Annual fee	Fringe benefits[1]	remuneration[2]	expense [3]	compensation[4]	remuneration
			(EUR)			
Total Other Key Management	1,210,001	25,606	993,459	87,443	5,423,224	7,739,733

[1] Fringe benefits related to car and insurance benefits
[2] Variable remuneration related to MBO and LTI. With regard to variable compensation, key managers' performance is measured not only by financial indicators, such as revenue and EBITDA margin, but also by non-financial indicators such as (i) environment: programs in line with carbon neutrality, (ii) gender balance in senior position, (iii) quality mindset and performances and (iv) values and guiding principles.
[3] Pensions expense related to Trattamento Fine Rapporto accrued on the year
[4] Shares granted under stock grant plan 2021-2027 and other shares based incentive plans

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For the year ended December 31, 2021

	Fixed remuneration		Variable	Pension	Long Term	Share based	Total
	Annual fee	Fringe benefits[1]	remuneration[2]	expense[3]	Benefits[4]	compensation[5]	remuneration
	(EUR)						
Total Other Key Management	1,210,000	21,147	1,014,443	85,258	(6,006,705)	1,535,513	(2,140,344)

[1] Fringe benefits related to car and insurance benefits
[2] Variable remuneration related to MBO and LTI
[3] Pensions expense related to Trattamento Fine Rapporto accrued on the year
[4] Long term benefits related to cash settled awards early terminated in 2021
[5] Share-based compensation awarded under stock grant plan 2021-2027

31. 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, 2022 and 2021 respectively.

(EUR)	For the years ended December 31,	
	2022	**2021**
Audit Fees	738,067	589,530
Total	**738,067**	**589,530**

Audit fees consist of the aggregate fee earned by Ernst & Young Entities for the audit for the auditing of the parent and consolidated annual accounts.

32. Directors and statutory auditors' fees

The following table represents aggregate total compensation payable to the Directors and the members of the Board of Statutory Auditors for the fiscal year ended December 31, 2022 and 2021 respectively.

On May 28, 2021, the company adopted a one-tier model, which included eliminating the board of statutory auditors and the appointment of an audit 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 audit committee are summarized along with the fees paid to the directors.

(EUR)	For the years ended December 31,	
	2022	**2021**
Directors	2,935,681	2,271,108
Statutory auditors	-	31,027

Audit fees consist of the aggregate fee earned by Ernst & Young Entities for the audit for the auditing of the parent and consolidated annual accounts.

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33. Commitments and contingencies

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

	At December 31, 2022	At December 31, 2021
	(EUR)	
Guarantees	98,932,912	73,278,385
of which secured	4,706,578	4,706,578
Total Guarantees	**98,932,912**	**73,278,385**

As at December 31, 2022 the main commitments and risks assumed by the Stevanato Group are as follows:

- Suretyship issued in favor of Nordea Bank for EUR 17,481,577 (EUR 17,481,577 in 2021) on behalf of SVM Automatik A/S;
- Suretyship issued in favor of Nordea Bank for EUR 9,413,238 (EUR 9,413,238 in 2021) on behalf of Innoscan A/S;
- Letter of Comfort in favor of Unicredit AG for EUR 15,000,000 (EUR 15,000,000 in 2021) on behalf of the company Balda Medical Gmbh.

Secured guarantees for EUR 4,706,578 (EUR 4,706,578 in 2021) concern the floating charge on the Danish companies against short-term credit lines.

34. Qualitative and quantitative information of financial risks

The Company 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.

These risks could significantly affect the Company's financial position, results of operations and cash flows, and for this reason the Company 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 Company. The quantitative data reported in the following section does not have any predictive value.

Financial market risks

Due to the nature of the Company and 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.

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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 revenue/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 revenue, 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 exposures included the exchange rate between the Euro and the following currencies: Japanese Yen, Danish Krone. 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.

Exchange differences arising on the settlement of monetary items are recognized in the 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, 2022, except for those arising on financial instruments measured at fair value, amounted to net gain of EUR 1,241,656 (EUR 3,742,865 net loss in 2021).

There have been no substantial changes in 2022 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 only partially designated as cash flow hedges and contracts are entered for a period consistent with the underlying transactions, generally from three to twelve months.

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The Company is holding the following contracts:

As at December 31, 2022

		0 to 6 months	6 to 9 months	9 to 12 months	Total	Carrying amount	Line item in the statement of financial position
				(EUR)			
Notional amount (1)	Forward	40,000,000		10,000,000	**50,000,000**	1,658,303	Other current financial assets
Average forward rate (EUR/USD)		*1.031*		*1.084*	—		
Total					**50,000,000**	**1,658,303**	

As at December 31, 2021

		0 to 6 months	6 to 9 months	9 to 12 months	Total	Carrying amount	Line item in the statement of financial position
				(EUR)			
Notional amount	Forward			36,701,241	**36,701,241**	(21,784)	Current financial liabilities
Average forward rate (EUR/DKK)				*7.438*	—		
Notional amount	Forward			9,372,198	**9,372,198**	50,527	Other current financial assets
Average forward rate (EUR/USD)				*1.139*	—		
Notional amount	Forward			990,253	**990,253**	20,541	Other current financial assets
Average forward rate (EUR/JPY)				*128.750*	—		
Total					**4,063,692**	**49,284**	

As at January 1, 2021

		0 to 6 months	6 to 9 months	9 to 12 months	Total	Carrying amount	Line item in the statement of financial position
				(EUR)			
Notional amount	Forward			19,536,828	19,536,828	(12,267)	Current financial liabilities
Average forward rate (EUR/DKK)				*7.447*	—		
Notional amount	Forward			6,233,816	6,233,816	19,366	Other current financial assets
Average forward rate (EUR/USD)				*1.230*	—		
Notional amount	Forward			1,007,527	1,007,527	(233)	Other current financial liabilities
Average forward rate (EUR/JPY)				*126.065*	—		
Notional amount	Forward			1,201,911	1,201,911	(3,036)	Other current financial liabilities
Average forward rate (EUR/CHF)				*1.082*	—		
Total					**27,980,082**	**3,830**	

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 Company has hedges in place against interest rate risk, covering almost of the loans contracted.

The Company's most significant floating rate financial assets at December 31, 2022 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, 2022 and December 31, 2021 are as follows:

As at December 31, 2022

	IRS	FIX	Floating	Total nominal amount	Effect amortized cost	Total	MtM IRS Derivates	Line item in the statement of financial position
				(EUR)				
Bank loans	131,945,455	—	—	**131,945,455**	(215,934)	**131,729,521**	5,982,778	Current financial liabilities/ Non-current financial liabilities
Notes	—	50,000,000	—	**50,000,000**	(318,640)	**49,681,360**	—	Non-current financial liabilities
Total	**131,945,455**	**50,000,000**	—	**181,945,455**	**(534,574)**	**181,410,881**	**5,982,778**	
Percentage on Total	*73%*	*27%*						

As at December 31, 2021

	IRS	FIX	Floating	Total nominal amount	Effect amortized cost	Total	MtM IRS Derivates	Line item in the statement of financial position
				(EUR)				
Bank loans	167,863,636	—	—	**167,863,636**	(373,820)	**167,489,816**	(1,688,819)	Current financial liabilities/ Non-current financial liabilities
Notes	—	50,000,000	—	**50,000,000**	(379,523)	**49,620,447**	—	Non-current financial liabilities
Total	**167,863,636**	**50,000,000**	—	**217,863,636**	**(753,343)**	**217,110,294**	**(1,680,819)**	
Percentage on Total	*77%*	*23%*						

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As at January 1, 2021

	IRS	FIX	Floating	Total nominal amount	Effect amortized cost	Total	MtM IRS Derivates	Line item in the statement of financial position
				(EUR)				
Bank loans	229,772,012	9,500,000	31,498,106	**270,770,118**	(656,719)	**270,113,399**	(4,401,865)	Current financial liabilities/ Non-current financial liabilities
Notes	—	50,000,000	—	**50,000,000**	(427,205)	**49,572,795**	—	Non-current financial liabilities
Total	**229,772,012**	**59,500,000**	**31,498,106**	**320,770,118**	**(1,083,924)**	**319,686,194**	**(4,401,865)**	
Percentage on Total	*71%*	*19%*	*10%*					

The risk arising from to net investment in foreign subsidiaries is monitored; no active hedging is currently being performed.

Set out below is the impact of hedging on equity:

	Cash Flow Hedge Reserve
	(EUR)
As at January 1, 2021	**3,345,417**
Foreign exchange forward	(2,721,045)
Tax effect	653,051
As at 31 December, 2021	**1,277,423**
Foreign exchange forward	(7,663,597)
Tax effect	1,839,263
As at 31 December, 2022	**(4,546,911)**

The analysis of sensitivity to a change in interest rates resulted in no effect on profit before tax being existing loans and borrowings at a fix rate or hedged with IRS.

Liquidity risk

Liquidity risk arises if the Company is unable to obtain the funds needed to carry out its operations under economic conditions.

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

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- 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 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 Company believes there is no significant risk of a lack of liquidity since its total available liquidity (defined as cash and cash equivalents plus undrawn committed credit lines and marketable securities) will enable the Company to satisfy the requirements of its investing activities.

The following table summarizes the due dates of the Company’s financial and other liabilities at December 31, 2022 and at December 31, 2021 on the basis of contractual payments which have not been discounted:

As at December 31, 2022

	Due within one year	**Due between one and five years**	**Due beyond five years**	**Total**
		(EUR)		
Borrowings from banks (*)	50,018,182	81,927,273	—	131,945,455
Notes (*)	—	25,000,000	25,000,000	50,000,000
Lease liabilities (**)	1,057,824	856,679	—	1,914,503
Trade payables	13,048,451	—	—	13,048,451
Tax payables	3,254,251	—	—	3,254,251
Other liabilities	38,990,685	—	—	38,990,685
Employee Benefits	2,187,426	—	2,656,541	4,843,967
Total liabilities	**108,556,819**	**107,783,952**	**27,656,541**	**243,997,311**

(*) The corresponding balance reported in the financial statement position is EUR 131,729,521 and EUR 49,681,361 respectively at 31 December 2022 and refers to adoption of amortized cost.
(**) The corresponding balance in the financial statement position is EUR 1,873,670 and refers to adoption of IFRS 16.

As at December 31, 2021

	Due within one year	**Due between one and five years**	**Due beyond five years**	**Total**
		(EUR thousand)		
Borrowings from banks (*)	35,918,182	131,945,455	—	167,863,637
Notes (*)	—	—	50,000,000	50,000,000
Lease liabilities (**)	1,401,788	1,169,818	—	2,571,605
Trade payables	7,912,694	—	—	7,912,694
Tax payables	2,263,678	—	—	2,263,678
Other liabilities	22,720,424	—	—	22,720,424
Employee Benefits	—	3,686,509	3,146,078	6,832,587
Total liabilities	**70,216,766**	**136,801,781**	**53,146,078**	**260,164,625**

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(*) The corresponding balance reported in the financial statement position is EUR 167,489,0815 and EUR 49,620,477 respectively at 31 December 2021 and refers to adoption of amortized cost.
(**) The corresponding balance in the financial statement position is EUR 2,535,968 and refers to adoption of IFRS 16.

35. Covid-19 Pandemic

The company maintained in 2022 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 meters, both in production and office spaces, the reorganization 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, sanitization, 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 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 Directors' Report.

36. Global Macroeconomic Scenario

For commentary on the macroeconomic scenario and the war in Ukraine, please refer to paragraphs "41. Covid-19 Pandemic", "42. Impact of war in Ukraine", "43. Global Macroeconomic Scenario" and of the Notes to the Consolidated Financial Statements.

37. Events after the reporting period

On January 3, 2023 the beneficiaries involved in the new Restricted Shares Plan 2023-2027 and Performance Shares Plan 2023-2027 received a letter that granted them the right obtain the transfer free of charge of a certain number of shares if the underlying conditions are met. The Restricted Shares Plan and the Performance Shares Plan were adopted by the Board of Directors on December 15, 2022, as sub-plans of the Long-Term Incentive Plan.

The Restricted Shares Plan forms part of Stevanato Group's long-term remuneration policy wherein Restricted Shares represent, for the first vesting period (January 2023 - December 2025), 50% of the same beneficiaries grant target pay opportunity, while Performance Shares represent 50% of the beneficiaries grant target pay opportunity. For the second vesting period (January 2024 - December 2026) and third vesting period (January 2025 - December 2027), the company will communicate to beneficiaries within the grant letter the mix of Performance and Restricted Shares.

The granting of awards under the Restricted Shares Plan, for each vesting period, is subject to and dependent on the satisfaction of the following presence condition: shares shall not vest unless, at the end of the presence period related to each installment -3 equal annual installments-, the relationship between the participant and the company is still in existence, unless otherwise agreed by the Chief Executive Officer. In particular, the presence period is differentiated in coherence with the vesting schedule and coincides with the period between the grant of rights date and each installment-vesting schedule.

The right to the award of Shares under the Performance Shares Plan, for each vesting period -3 years cliff vesting-, as a consequence of the relative right to receive the number of shares is subject to the positive outcome of the verification

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by the Board of Directors at the date of verification relating to two different performance targets which are independent of each other:

I. 50% of the target number of shares will vest if the Group achieves the targets in relation to the revenue growth performance criterion;

II. 50% of the target number of shares will vest if the Group achieves the targets in relation to the ROIC performance criterion.

The performance target level, minimum target, overachievement target and maximum target of each performance criterion, for each vesting period, were communicated to beneficiaries within the grant letter.

On January 17, 2023 and February 28, 2023, Stevanato Group entered into two term loan contracts, totaling EUR 130.0 million, to support production capacity expansion in U.S. and Italy. The first loan agreement was financed through BNP Paribas for EUR 70.0 million and the second loan for EUR 60.0 million was financed through *Cassa Depositi e Prestiti*. Both financing have five years tenor with two years of availability period to draw down, two years of pre-amortizing period and three years of amortizing period.

Both loans are "ESG-linked" with potential price improvement linked to the yearly successful achievement of two ESG KPIs.

38. 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 2022.

39. Allocation of the result

We propose to allocate the net profit for the year as follows:

Net profit at December 31, 2022	EUR	35,521,807
To dividends	EUR	14,300,000
To the extraordinary reserve	EUR	20,432,954
To non-distributable reserve Art. 2426 of Civil Code	EUR	788,853

These financial statements, consisting of income statement, the comprehensive income statement, the statements of financial position, the cash flow statement, the statement of changes in shareholders' equity and the present Notes 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

Piombino Dese, April 5, 2023

Franco Stevanato