UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of May 2023

Commission File Number: 001-40618

Stevanato Group S.p.A.
(Translation of registrant's name into English)

Via Molinella 17
35017 Piombino Dese – Padua
Italy
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Stevanato Group S.p.A.

Interim condensed consolidated financial statements
for the three months ended March 31, 2023

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CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report on Form 6-K contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect the current views of Stevanato Group S.p.A. (“we”, “our”, “us”, “Stevanato Group”, the “Company” and, together with its subsidiaries, the “Group”). These forward-looking statements include, or may include, words such as “raising”, “believe”, “potential”, “increased”, “future”, “remain”, “growing”, “expect”, “foreseeable”, “expected”, “to be”, “includes”, “estimated”, “assumes”, “would provide”, “anticipate”, “will”, “plan”, “may”, “forecast”, and other similar terminology. Forward-looking statements contained in this report include, but are not limited to, statements about: our future financial performance, including our revenue, operating expenses and our ability to maintain profitability and operational and commercial capabilities; our expectations regarding the development of our industry and the competitive environment in which we operate; the expansion of our plants and our expectations to increase production capacity; the global supply chain and our committed orders; the global response to SARS-CoV-2 coronavirus (“COVID-19”) and our role in it; our geographical and industrial footprint; and our goals, strategies and investment plans. These statements are neither promises nor guarantees but involve known and unknown risks, uncertainties and other important factors and circumstances that may cause Stevanato Group's actual results, performance or achievements to be materially different from its expectations expressed or implied by the forward-looking statements, including conditions in the U.S. capital markets, negative global economic conditions, inflation, potential negative developments in the COVID-19 pandemic, the impact of the conflict between Russia and Ukraine, supply chain and logistical challenges and other negative developments in Stevanato Group’s business or unfavorable legislative or regulatory developments. The following are some of the factors that could cause our actual results to differ materially from those expressed in or underlying our forward-looking statements: (i) our product offerings are highly complex, and, if our products do not satisfy applicable quality criteria, specifications and performance standards, we could experience lost sales, delayed or reduced market acceptance of our products, increased costs and damage to our reputation; (ii) we must develop new products and enhance existing products, adapt to significant technological and innovative changes and respond to introductions of new products by competitors to remain competitive; (iii) our backlog might not accurately predict our future revenue, and we might not realize all or any part of the anticipated revenue reflected in our backlog; (iv) if we fail to maintain and enhance our brand and reputation, our business, results of operations and prospects may be materially and adversely affected; (v) to the extent we experience declines in order intake, there could be a potential corresponding negative impact on our results of operations; (vi) we are highly dependent on our management and employees. Competition for our employees is intense, and we may not be able to attract and retain the highly skilled employees that we need to support our business and our intended future growth; (vii) our business, financial condition and results of operations depend upon maintaining our relationships with suppliers and service providers; (viii) our business, financial condition and results of operations depend upon the availability and price of high-quality materials and energy supply and our ability to contain production costs; (ix) the current conflict between Russia and Ukraine and the financial and economic sanctions imposed 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 may negatively impact our ability to source gas at commercially reasonable terms or at all and could have a material adverse effect on our operations; (x) significant interruptions in our operations could harm our business, financial condition and results of operations; (xi) as a consequence of the COVID-19 pandemic, sales of syringes and vials to and for vaccination programs globally increased resulting in a revenue growth acceleration. The demand for such products may shrink, as the need for COVID-19 related solutions declines; (xii) our manufacturing facilities are subject to operating hazards which may lead to production curtailments or shutdowns and have an adverse effect on our business, results of operations, financial condition or cash flows; (xiii) our business, financial condition and results of operations may be impacted by our ability to successfully expand capacity to meet customer demand; (xiv) we may face significant competition in implementing our strategies for revenue growth in light of actions taken by our competitors; (xv) our global operations are subject to international market risks that may have a material effect on our liquidity, financial condition, results of operations and cash flows; (xvi) we are required to comply with a wide variety of laws and regulations and are subject to regulation by various federal, state and foreign agencies; (xvii) if relations between China and the United States deteriorate, our business in the United States and China could be materially and adversely affected; (xviii) cyber security risks and the failure to maintain the confidentiality, integrity and availability of our computer hardware, software and internet applications and related tools and functions, could result in damage to our reputation, data integrity and/or subject us to costs, fines or lawsuits under data privacy or other laws or contractual requirements; and (xix) our business and expected growth could be negatively impacted to the extent third party payors may not cover new drug costs (including for example the biologic class of GLP-1s). This list is not exhaustive. We caution you therefore against relying on these forward-looking statements, and we qualify all of our forward-looking statements by these cautionary statements.

These forward-looking statements speak only as at their dates. The Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible to predict all of these factors. Further, the Company cannot assess the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to be materially different from those contained in any forward-looking statements.

For a description of certain additional factors that could cause the Company’s future results to differ from those expressed in any such forward-looking statements, refer to the risk factors discussed under “Item 1A. Risk Factors” below and “Risk Factors” in our Annual Report on Form 20-F for the year ended December 31, 2022 filed with the U.S. Securities and Exchange Commission on March 2, 2023.

PART I–FINANCIAL INFORMATION

Item 1. Financial Statements
Stevanato Group S.p.A.
Interim consolidated income statements
for the three months ended March 31, 2023 and 2022
(Unaudited)

	Notes	For the three months ended March 31, 2023	2022
		(EUR thousand)	
Revenue	9	237,992	212,074
Cost of sales	10	161,733	144,625
Gross Profit		**76,259**	**67,449**
Other operating income	11	1,214	1,569
Selling and Marketing expenses	12	6,066	4,921
Research and Development expenses	12	8,550	7,685
General and Administrative expenses	12	22,208	18,495
Operating Profit		**40,649**	**37,917**
Finance income	13	4,404	2,980
Finance expense	14	9,003	4,612
Profit Before Tax		**36,050**	**36,285**
Income taxes	15	7,767	8,521
Net Profit		**28,283**	**27,764**
Net Profit attributable to:			
Equity holders of the parent		28,265	27,723
Non-controlling interests		18	41
		28,283	**27,764**
Earnings per share			
Basic earnings per common share (in EUR)	16	0.11	0.10
Diluted earnings per common share (in EUR)	16	0.11	0.10

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements

Stevanato Group S.p.A.
Interim consolidated statements of comprehensive income
for the three months ended March 31, 2023 and 2022
(Unaudited)

	Notes	For the three months ended March 31, 2023	2022
		(EUR thousand)	
Net Profit		**28,283**	**27,764**
Gains/(losses) from remeasurement of employee defined benefit plans		(81)	291
Tax effect relating to those components of OCI		21	(70)
Other comprehensive income (loss) that will not be classified subsequently to profit or loss		**(60)**	**221**
Exchange difference on translation of foreign operations	24	3,949	12,167
Changes in the fair value of cash flow hedging instruments		928	2,473
Changes in the time value element - cost of hedge		(421)	—
Tax effect relating to those components of OCI		(396)	(593)
Other comprehensive income (loss) that will be classified subsequently to profit or loss		**4,060**	**14,047**
Total other comprehensive income (loss), net of tax		**4,000**	**14,268**
Total Comprehensive Income		**32,283**	**42,032**
Attributable to:			
Equity holders of the parent		32,258	41,976
Non-controlling interests		25	56
		32,283	**42,032**

Stevanato Group S.p.A.
Interim consolidated statements of financial position
as at March 31, 2023 and at December 31, 2022
(Unaudited)

		At March 31, 2023	At December 31, 2022
		(EUR thousand)	
Assets	**Notes**		
Non-current assets			
Goodwill		47,243	47,243
Other intangible assets	17	30,791	32,158
Right of Use assets	19	17,998	19,289
Property, plant and equipment	18	738,730	641,402
Financial assets - investments FVTPL		748	782
Other non-current financial assets	20	3,726	3,839
Deferred tax assets		72,610	69,210
		911,845	**813,923**
Current assets			
Inventories	21	245,452	213,254
Contract assets	22	110,482	103,417
Trade receivables	22	240,857	212,734
Other current financial assets	20	20,056	33,602
Tax receivables	23	22,528	21,018
Other receivables		33,133	33,010
Cash and cash equivalents		158,763	228,740
		831,270	**845,775**
Total assets		**1,743,116**	**1,659,698**
Equity and liabilities			
Equity			
Share capital	24	21,698	21,698
Reserves and Retained Earnings	24	980,711	831,583
Net profit attributable to equity holders of the parent		28,265	142,849
Equity attributable to equity holders of the parent		**1,030,675**	**996,130**
Non-controlling interests		(195)	(220)
Total equity		**1,030,480**	**995,910**
Non-current liabilities			
Non-current financial liabilities	25	143,273	148,407
Employees Benefits	27	6,782	8,315
Provisions	29	5,558	5,552
Deferred tax liabilities		20,266	20,952
Other non-current liabilities	30	20,732	18,060
		196,610	**201,286**
Current liabilities			
Current financial liabilities	25	84,743	70,754
Trade payables	31	235,571	239,179
Contract Liabilities	32	10,371	14,847
Advances from customers	32	54,662	26,568
Tax payables	23	52,796	41,655
Other liabilities	31	77,884	69,499
		516,026	**462,502**
Total liabilities		**712,636**	**663,788**
Total equity and liabilities		**1,743,116**	**1,659,698**

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements

Stevanato Group S.p.A.
Interim consolidated statements of changes in equity
for the three months ended March 31, 2023 and 2022
(Unaudited)

	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, 2023		**21,698**	**389,312**	**(27,740)**	**5,371**	**(179)**	**(74)**	**(15,611)**	**623,353**	**996,130**	**(220)**	**995,910**
Other comprehensive income	24	—	—	—	431	(320)	(60)	3,942	—	**3,993**	7	**4,000**
Net profit		—	—	—	—	—	—	—	28,265	**28,265**	18	**28,283**
Total comprehensive income		**—**	**—**	**—**	**431**	**(320)**	**(60)**	**3,942**	**28,265**	**32,258**	**25**	**32,283**
Share-based incentive plans		—	—	—	—	—	—	—	2,217	**2,217**	—	**2,217**
Other		—	—	—	—	—	—	—	69	**69**	—	**69**
Total effects		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2,286**	**2,286**	**—**	**2,286**
At March 31, 2023		**21,698**	**389,312**	**(27,740)**	**5,802**	**(499)**	**(134)**	**(11,669)**	**653,904**	**1,030,675**	**(195)**	**1,030,480**

	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, 2022		**21,698**	**389,312**	**(27,740)**	**(1,277)**	**(745)**	**(22,680)**	**483,506**	**842,074**	**(415)**	**841,659**
Other comprehensive income	24	—	—	—	1,880	221	12,152	—	**14,253**	15	**14,268**
Net profit		—	—	—	—	—	—	27,723	**27,723**	41	**27,764**
Total comprehensive income		**—**	**—**	**—**	**1,880**	**221**	**12,152**	**27,723**	**41,976**	**56**	**42,032**
Other		—	—	—	—	—	—	885	**885**	—	**885**
Total effects		**—**	**—**	**—**	**—**	**—**	**—**	**885**	**885**	**—**	**885**
At March 31, 2022		**21,698**	**389,312**	**(27,740)**	**603**	**(524)**	**(10,528)**	**512,114**	**884,935**	**(359)**	**884,576**

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements

Stevanato Group S.p.A.
Interim consolidated statements of cash flows
for the three months ended March 31, 2023 and 2022
(Unaudited)

	Notes	For the three months ended March 31, 2023	2022
		(EUR thousand)	
Operating activities			
Profit before tax		**36,050**	**36,285**
Adjustments:			
Depreciation and impairment of property, plant and equipment	18	14,478	11,739
Amortization of intangible assets and Right of Use	17, 19	3,891	3,472
Allowance for doubtful accounts		(35)	(55)
Net finance expense/ (income)		808	2,640
(Gain)/Loss from the disposal of non-current assets		—	(12)
Change in provisions, employee benefits and deferred taxation		(3,077)	(453)
Other non-cash expenses, net		4,873	(1,518)
Working capital changes:			
- inventories and contract assets		(39,857)	(31,298)
- trade receivables and other assets		132	(7,533)
- trade payables, contract liabilities, advances and other liabilities		22,725	(5,739)
Interest paid		(865)	(805)
Interest received		244	162
Income tax paid		(2,232)	(1,735)
Cash Flow from operating activities		**37,135**	**5,150**
Cash Flow from investing activities			
Purchase of property, plant and equipment		(127,730)	(52,741)
Proceeds from sale of property plant and equipment		1	13
Purchase of intangible assets		(1,050)	(1,938)
Investment in financial assets		(29)	8
Net cash flows used in investing activities		**(128,808)**	**(54,658)**
Cash Flow from financing activities			
Payment of principal portion of lease liabilities		(1,634)	(1,554)
Proceeds from loans		14,871	5,564
Repayments of loans		(5,191)	(909)
Proceeds from insurance policies redemption		13,954	—
Net cash flows from financing activities		**22,000**	**3,101**
Net change in cash and cash equivalents		**(69,673)**	**(46,407)**
Net foreign exchange difference		(304)	2,059
Cash and cash equivalents at January 1		**228,740**	**411,039**
Cash and cash equivalents at March 31		**158,763**	**366,691**

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements

Stevanato Group S.p.A.

Notes to the interim condensed 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 at 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, and 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, and the United States), five plants for the production of machinery and equipment (in Italy and Denmark), two sites for analytical services (in Italy and the 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 the Group 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.Authorization of interim condensed consolidated financial statements and compliance with international financial reporting standards

These Interim Condensed Consolidated Financial Statements of Stevanato Group S.p.A. were authorized for issuance on May 3, 2023 and have been prepared in accordance with *IAS 34 - Interim Financial Reporting*. These Interim Condensed Consolidated Financial Statements should be read in conjunction with the Group’s consolidated financial statements at and for the year ended December 31, 2022 (the “Consolidated Financial Statements”), which have been prepared in accordance with *International Financial Reporting Standards (IFRS)* as issued by the International Accounting Standards Board ("IASB").

3.Basis of preparation for interim condensed consolidated financial statements

The preparation of the Interim Condensed Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities as well as disclosures of contingent liabilities. If in the future such estimates and assumptions, which are based on management’s best judgment at the date of these Interim Condensed Consolidated Financial Statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. Reference should be made to the section “Use of estimates” in the Consolidated Financial Statements for a detailed description of the more significant valuation procedures used by the Group.

Moreover, in accordance with *IAS 34*, certain valuation procedures, in particular those of a more complex nature regarding matters such as any impairment of non-current assets, are only carried out in full during the preparation of the annual consolidated financial statements, when all the related information necessary is available, other than in the event that there are indications of impairment, in which case an immediate assessment is required.

Similarly, the actuarial valuations that are required for the determination of employee benefit provisions are also usually carried out during the preparation of the annual consolidated financial statements, except in the event of significant market fluctuations or significant plan amendments, curtailments or settlements. *IAS 34* also requires the disclosure of the nature and amount of items affecting net income that are unusual due to their nature, size or significance.

These Interim Condensed Consolidated Financial Statements consider that the Group publishes quarterly interim financial statements. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Company's Audit Committee, together with its Board of Directors, consider that there are currently no material uncertainties that may cast significant doubts over this assumption. The Board of Directors have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

As the Group is not including the full set of disclosures, as required in a complete set of financial statements, the interim financial statements of the Group are regarded as 'condensed', as per *IAS 34*.

New standards, amendments and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of new standards effective as of January 1, 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The following amendments and interpretations were adopted for the first time in 2023 and did not have a material impact on the interim condensed consolidated financial statements of the Group:

•Amendments to *IAS 8 – Accouting Policies, Changes to Accouting Estimates and Errors*,

•Amendments to *IAS 1 – Presentation of Financial Statements,*

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

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

On February 12, 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 January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

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 (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 January 1, 2023.

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 January 1, 2023.

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-19 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.

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. There are no changes in the scope of consolidation for the periods presented in this Interim Report and the Group's scope of consolidation is as follows:

Subsidiaries

The interim condensed consolidated financial statements of the Group include the following companies directly or indirectly controlled:

Name	Segment	Description	Country of incorporation	Type of control	% equity interest Mar. 31, 2023	Mar. 31, 2022
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	30.76%	30.76%
				Indirect	69.24%	69.24%
Ompi of America inc.	Biopharmaceutical	Sale of drug containment solutions and analytical services	USA	Direct	88.29%	0%
				Indirect	11.71%	100%
Ompi do Brasil I. e C. de Em. Far. Ltda	Biopharmaceutical	Production of drug containment solutions	Brazil	Direct	79%	79%
				Indirect	21%	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%
SG Denmark 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%

On December 31, 2022, the respective extraordinary shareholders' meetings of Innoscan A/S and SVM Automatik A/S approved the merger of Innoscan A/S into SVM Automatik A/S. The transaction is effective for accounting purposes as of January 1, 2022. In February 2023, the surviving company SVM Automatik A/S changed its corporate name to SG Denmark A/S.

Non-controlling interests

The non-controlling interests as of March 31, 2023 and the net profit attributable to non-controlling interests during the three months ended March 31, 2023 relate to Ompi of Japan Co., Ltd. and Medical Glass a.s.

5.Financial Risk Factors

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

- financial market risk, mainly related to foreign currency exchange rates and interest rates;
- liquidity risk, related 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;
- commodity risk, arising from the fluctuation in commodity price, driven by the external market, in particular for natural gas and electricity.

These risks could significantly affect the Group’s financial position, results of operations and cash flows. Therefore, the Group identifies and monitors these risks to identify potential negative effects in advance and takes action to mitigate them, primarily through its operating and financing activities and if required, through the use of derivative financial instruments.

The interim condensed consolidated financial statements do not include all the information and notes on financial risk management required in the annual consolidated financial statements. For a detailed description of the financial risk factors and financial risk management of the Group, reference should be made to Note 39 of the Consolidated Financial Statements at and for the year ended December 31, 2022.

Although there have been no significant negative impacts from the COVID-19 pandemic on the Group’s exposure to financial risks or risk management procedures in the periods presented by these interim condensed consolidated financial statements, management is continuously monitoring the evolution of COVID-19 as information becomes available and the related effects on the financial position and results of operations of the Group. Please refer to Note 34 for further details.

Management is monitoring further developments in the conflict between Russia and Ukraine and resulting financial and economic sanctions imposed 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. Primarily as a result of the Russian-Ukrainian conflict, for the year ended December 31, 2022 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. In the first quarter of 2023, gas prices have stabilized, and the Group continues to monitor the situation. Please refer to Note 35 for further details.

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 in respect of 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 committed to protecting the environment, to operate business at global level under the principles of sustainability including principles related to climate-change, and including EHS management as an integral part of its business processes with the commitment to reduce energy and natural resources consumption.

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

6.Foreign currency exchange

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

COUNTRY	ISO CODE	Average for the three months ended March 31, 2023	At March 31, 2023	Average for the three months ended March 31, 2022	At March 31, 2022
CHINA	CNY	7.3419	7.4763	7.1212	7.0403
UNITED STATES	USD	1.0730	1.0875	1.1217	1.1101
MEXICO	MXN	20.0431	19.6392	22.9919	22.0903
DENMARK	DKK	7.4429	7.4485	7.4407	7.4379
BRAZIL	BRL	5.5750	5.5158	5.8696	5.3009
SWITZERLAND	CHF	0.9925	0.9968	1.0364	1.0267
JAPAN	JPY	141.9806	144.8300	130.4636	135.1700

7.Seasonality of operations

Historically, the Group’s business operations have not experienced seasonality.

8.Segment Information

The Group's 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 such as 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 the three months ended March 31, 2023, the Group generated 82% of total sales from the Biopharmaceutical and Diagnostic Solutions Segment (compared to 81% for the three months ended March 31, 2022), and 18% from the Engineering Segment (compared to 19% for the three months ended March 31, 2022).

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 three months ended March 31, 2023				
	Biopharmaceutical and Diagnostic Solutions	Engineering	Total segments	Adjustments, eliminations and unallocated items	Consolidated
			(EUR thousand)		
External Customers	195,549	42,443	237,992	—	237,992
Inter-Segment	404	49,360	49,764	(49,764)	—
Total Revenue	195,953	91,803	287,757	(49,764)	237,992
Cost of Sales	129,972	71,914	201,886	(40,153)	161,733
Gross Profit	**65,981**	**19,889**	**85,870**	**(9,611)**	**76,259**
Other operating income	1,262	—	1,262	(48)	1,214
Selling and Marketing expenses	2,878	758	3,637	2,430	6,066
Research and Development expenses	6,545	1,309	7,854	696	8,550
General and Administrative expenses	19,071	3,824	22,895	(687)	22,208
Operating Profit	**38,749**	**13,998**	**52,747**	**(12,098)**	**40,649**
Total assets	**1,353,806**	**429,426**	**1,783,232**	**(40,116)**	**1,743,116**
Total liabilities	**539,370**	**305,553**	**844,923**	**(132,287)**	**712,636**

	As at and for the three months ended March 31, 2022				
	Biopharmaceutical and Diagnostic Solutions	Engineering	Total segments	Adjustments, eliminations and unallocated items	Consolidated
			(EUR thousand)		
External Customers	172,439	39,635	212,074	—	212,074
Inter-Segment	289	23,475	23,764	(23,764)	—
Total Revenue	172,728	63,110	235,838	(23,764)	212,074
Cost of Sales	115,909	49,650	165,559	(20,934)	144,625
Gross Profit	**56,819**	**13,460**	**70,279**	**(2,830)**	**67,449**
Other operating income	1,593	—	1,593	(24)	1,569
Selling and Marketing expenses	2,273	548	2,821	2,100	4,921
Research and Development expenses	5,826	1,370	7,196	489	7,685
General and Administrative expenses	14,611	2,855	17,466	1,029	18,495
Operating Profit	**35,702**	**8,687**	**44,389**	**(6,472)**	**37,917**
Total assets	**953,167**	**253,083**	**1,206,250**	**261,268**	**1,467,518**
Total liabilities	**364,734**	**156,803**	**521,537**	**61,405**	**582,942**

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 equipment manufactured by the Engineering Segment for use by the Biopharmaceutical and Diagnostic Solutions Segment.

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

	For the three months ended March 31,	
	2023	2022
	(EUR thousand)	
Segments Operating Profit	**52,747**	**44,389**
Finance income	4,404	2,980
Finance expense	9,003	4,612
Inter-segment elimination	(12,098)	(6,472)
Profit Before Tax	**36,050**	**36,285**

For the three months ended March 31, 2023, the Group served a customer who constituted more than 10% of consolidated revenue, equal to EUR 26.2 million, realized both in Biopharmaceutical and Diagnostic Solutions Segment and in Engineering Segment.

For the three months ended March 31, 2022, the Group served a customer who constituted more than 10% of consolidated revenue, equal to EUR 21.9 million, mainly realized in Biopharmaceutical and Diagnostic Solutions Segment.

For the three months ended March 31, 2023, revenue generated by the Biopharmaceutical and Diagnostic Solutions Segment increased by EUR 23,225 thousand, or 13.4%, to EUR 195,953 thousand, compared to EUR 172,728 thousand for the three months ended March 31, 2022. All growth was organic and mainly driven by increased revenue from premium priced, high-value solutions.

For the three months ended March 31, 2023, Engineering Segment revenue increased by EUR 28,693 thousand, or 45.5%, to EUR 91,803 thousand, compared to EUR 63,110 thousand for the three months ended March 31, 2022, primarily as a result of a steep increase in inter-segment revenue and a growth from external customers revenue from visual inspection systems and assembly and packaging machines.

Inter-segment revenue generated by the Engineering Segment for equipment used in our Biopharmaceutical and Diagnostic Solutions Segment increased by EUR 25,885 thousand, or 110.3%, to EUR 49,360 thousand for the three months ended March 31, 2023, compared to EUR 23,475 thousand for the three months ended March 31, 2022. The increase in Inter-segment Engineering revenue resulted from the sale of production equipment to support the Group’s strategic investment initiatives in capacity expansion predominantly in its high-value solutions products to satisfy increasing customer demand.

9.Revenue from contracts with customers

Disaggregated revenue information

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

	For the three months ended March 31, 2023		
	Biopharmaceutical and Diagnostic Solutions	Engineering	Total
		(EUR thousand)	
Type of goods or service			
Revenue from high-value solutions	76,705	—	76,705
Revenue from other containment and delivery solutions	118,844	—	118,844
Revenue from engineering	—	42,443	42,443
Total revenue from contracts with customers	**195,549**	**42,443**	**237,992**
Geographical markets			
EMEA	125,834	24,527	150,362
APAC	16,500	8,806	25,306
North America	47,761	8,928	56,689
South America	5,453	182	5,635
Total revenue from contracts with customers	**195,549**	**42,443**	**237,992**
Timing of revenue recognition			
Goods and services transferred at a point in time	193,079	3,041	196,120
Goods and services transferred over time	2,470	39,403	41,873
Total revenue from contracts with customers	**195,549**	**42,443**	**237,992**

	For the three months ended March 31, 2022		
	Biopharmaceutical and Diagnostic Solutions	Engineering	Total
		(EUR thousand)	
Type of goods or service			
Revenue from high-value solutions	61,534	—	61,534
Revenue from other containment and delivery solutions	110,905	—	110,905
Revenue from engineering	—	39,635	39,635
Total revenue from contracts with customers	**172,439**	**39,635**	**212,074**
Geographical markets			
EMEA	106,546	17,560	124,106
APAC	16,909	11,533	28,442
North America	43,261	9,411	52,672
South America	5,723	1,131	6,854
Total revenue from contracts with customers	**172,439**	**39,635**	**212,074**
Timing of revenue recognition			
Goods and services transferred at a point in time	167,596	3,966	171,562
Goods and services transferred over time	4,843	35,669	40,512
Total revenue from contracts with customers	**172,439**	**39,635**	**212,074**

The Group's revenue is 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 bio-pharmaceutical drugs and diagnostic reagents (such as vials, cartridges, syringes and drug delivery systems like pen injectors, auto injectors and wearables). This segment is further divided into two sub-categories:
    - High-value solutions: wholly owned, internally developed products, processes and services for which the Group holds intellectual property rights or has strong proprietary know-how and are characterized by higher complexity or superior performance;

- Other containment and delivery solutions.

- Engineering: this segment includes all the equipment and technologies developed and provided to support the end-to-end bio-pharmaceutical and diagnostic manufacturing processes.

Consolidated revenue at current exchange rates increased by EUR 25,918 thousand, or 12.2%, to EUR 237,992 thousand for the three months ended March 31, 2023, compared to EUR 212,074 thousand for the three months ended March 31, 2022. Consolidated revenue at constant currency (i.e., excluding the impact of fluctuations in currency exchange rates) increased by 11.2% for the three months ended March 31, 2023. Year-over-year revenue growth was driven by growth in both Segments, to the extent set out below.

In the Biopharmaceutical and Diagnostic Solution Segment, revenue from high-value solutions increased by EUR 15,171 thousand, or 24.7%, to EUR 76,705 thousand for the three months ended March 31, 2023, compared to EUR 61,534 thousand for the three months ended March 31, 2022, while revenue from other containment and delivery solutions increased by EUR 7,939 thousand, or 7.2%, to EUR 118,844 thousand for the three months ended March 31, 2023, compared to EUR 110,905 thousand for the three months ended March 31, 2022. Revenue in the Biopharmaceutical and Diagnostic Solutions Segment increased by 18.1% in EMEA and by 10.4% in North America while decreased by 4.7% in South America and by 2.4% in APAC.

Within the Engineering Segment, revenue from contracts with external customers increased by EUR 2,808 thousand, or 7.1%, to EUR 42,443 thousand for the three months ended March 31, 2023, compared to EUR 39,635 thousand for the three months ended March 31, 2022, mainly driven by higher sales in visual inspection systems and assembly and packaging machines, partially offset by a decrease in revenue from glass converting machines. Revenue in the Engineering Segment increased by 39.7% in EMEA, while decreased by 5.1% in North America, by 83.9% in South America and by 23.6% in APAC. Revenue recognized over time increased by EUR 3,734 thousand, or 10.5%, to EUR 39,403 thousand for the three months ended March 31, 2023, from EUR 35,669 thousand for the three months ended March 31, 2023, driven by 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 assets from contracts with customers:

	At March 31, 2023	**At December 31, 2022**
	(EUR thousand)	
Trade Receivables	240,857	212,734
Contract Assets	110,482	103,417
Contract Liabilities	(10,371)	(14,847)
Advances From Customers	(54,662)	(26,568)
Total	**286,306**	**274,736**

Contract assets mainly relate to the Group’s right to consideration for performance of construction contracts to which the Group is a party and for which the Group has not yet issued an invoice as of the balance sheet date. The amount recognized as contract assets are reclassified to trade receivables as soon as the Group has an unconditional right to consideration.

10.Cost of sales

Cost of sales are detailed as follows:

	For the three months ended March 31,	
	2023	2022
	(EUR thousand)	
Purchases	104,261	72,701
Change in inventories	(22,880)	(3,827)
Direct industrial labor	36,777	30,261
Indirect industrial labor	17,200	14,091
Industrial depreciation and amortization	15,171	12,580
Other costs of sales	11,204	18,819
Total Cost of sales	**161,733**	**144,625**

Cost of sales increased by EUR 17,108 thousand to EUR 161,733 thousand for the three months ended March 31, 2023, compared to EUR 144,625 thousand for the three months ended March 31, 2022, mainly due to the higher cost of materials, components and labor expenses related to the production and distribution of our goods and services. Industrial depreciation and amortization increased due to the availability for use of the machinery installed in the previous months to increase the production capacity. Other costs of sales decreased mainly due to the increase in the industrial capitalized costs for the machinery and equipment built within the Group, which was partially offset by the increase in subcontracting work.

For the three months ended March 31, 2023, increase in cost of sales was partially offset by EUR 3,004 thousand for subsidies granted by the Italian government intended to address businesses and families who have been faced 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 quarter. The grants, already in place in the fourth quarter 2022, were granted to help offset the significant rise in utilities costs and mitigate the impact to businesses. The grants are in effect through the second quarter of 2023.

For the three months ended March 31, 2023, cost of sales included EUR 2.5 million of non-recurring start-up costs mainly related to the new facilities in Indiana, U.S. and in Latina, Italy.

11.Other operating income

Other operating income for the three months ended March 31, 2023 and 2022, amounted to EUR 1,214 thousand and EUR 1,569 thousand, respectively, relating mainly to: (i) contributions from customers for pre-feasibility and feasibility studies, development and customization of the Group's proprietary products; (ii) design and sample activities to perform and improve feasibility studies 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; (vii) contribution received from customers for investments in production capacity and (viii) other recharges.

For the three months ended March 31, 2023 and 2022, other operating income included EUR 13 thousand related to grants received by Ompi Pharma Packaging Tech. Co. Ltd for machinery technical renovation to support implementation of intelligent manufacturing projects. In addition, other operating income for the three months ended March 31, 2023 included EUR 105 thousand related to grants received by Ompi of America Inc. from the U.S. government’s Biomedical Advanced Research and Development Authority (BARDA) for project management activities in the new facility in Fishers, U.S.

12.Expenses

Expenses are detailed as follows:

	For the three months ended March 31,	
	2023	2022
	(EUR thousand)	
Selling and Marketing expenses	6,066	4,921
Research and Development expenses	8,550	7,685
General and Administrative expenses	22,208	18,495
Total Expenses	**36,824**	**31,101**

For the three months ended March 31, 2023, Selling and Marketing expenses were EUR 6,066 thousand compared to EUR 4,921 thousand for the three months ended March 31, 2022. These expenses are mainly related to personnel expenses for the sales organizations. They include depreciation of EUR 172 thousand (EUR 180 thousand for the three months ended March 31, 2022), and the release of a provision for bad and doubtful debts of EUR 35 thousand (compared to a release of EUR 53 thousand for the three months ended March 31, 2022). Selling and Marketing expenses increased by EUR 1,145 thousand mainly due to higher personnel costs to support the ongoing growth in the business as well as to higher marketing costs linked to travel and trade fairs.

Research and Development expenses for the three months ended March 31, 2023, amounted to EUR 8,550 thousand compared to EUR 7,685 thousand for the three months ended March 31, 2022 and include costs for research and development activities to support the innovation of products and components, and amortization and depreciation for EUR 950 thousand, (EUR 830 thousand for the three months ended March 31, 2022). The increase in Research and Development expenses by EUR 865 thousand was 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 three months ended March 31, 2023, General and Administrative expenses amounted to EUR 22,208 thousand compared to EUR 18,495 thousand for the three months ended March 31, 2022, and were mainly comprised of personnel expenses for administrative functions, consultancies, directors compensation, rental fees as well as, depreciation and amortization for EUR 2,075 thousand (EUR 1,621 thousand for the three months ended March 31, 2022), of which amortization of fair value adjustments from purchase price allocations amount to EUR 260 thousand (EUR 260 thousand for the three months ended March 31, 2022). The increase in General and Administrative expenses by EUR 3,713 thousand was mainly due to higher labor costs linked to (i) the structuring of corporate functions as a public company (ii) the structuring of the Americas Region, and (iii) new hires in support of future growth. The increase in General and Administrative expenses is further due to higher insurance and IT costs.

13.Finance income

Finance income is as follows:

	For the three months ended March 31,	
	2023	**2022**
	(EUR thousand)	
Interest income from banks deposits	186	144
Income from financial discounts	7	10
Other financial income	51	7
Foreign currency exchange rate gains	3,178	2,236
Derivatives revaluation	982	357
Other fair value adjustments	—	226
Total finance income	**4,404**	**2,980**

14.Finance expense

Finance expenses are as follows:

	For the three months ended March 31,	
	2023	2022
	(EUR thousand)	
Interest on debts and borrowings	850	803
Financial discounts and other expenses	16	2
Interest on lease liabilities	134	141
Financial component IAS 19	53	(24)
Foreign currency exchange losses	7,469	2,361
Derivatives devaluation	418	1,278
Other fair value adjustments	63	51
Total finance expense	**9,003**	**4,612**

Finance expenses include bank interest on the Group's financial debt (recalculated using the amortized cost method) and interest on leases related to 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 a net loss of EUR 4,291 thousand for the three months ended March 31, 2023, and a net loss of EUR 125 thousand for the three months ended March 31, 2022.

The main driver of the foreign currency exchange rate impact in the first quarter of 2023 was the unexpected strengthening of the Mexican Peso against the Euro and U.S. Dollar during the period, which impacted foreign currency exchange gains and losses.

15.Income tax

Income tax expense amounted to EUR 7,767 thousand for the three months ended March 31, 2023, compared to EUR 8,521 thousand for the three months ended March 31, 2022.

The effective tax rate for the three months ended March 31, 2023, was 21.5% compared to 23.5% for the three months ended March 31, 2022, mainly due to the accrual of R&D tax credit related to previous fiscal years for an Italian legal entity.

16.Earnings per Share

Basic earnings per share (EPS) is calculated by dividing 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.

For the three months ended March 31, 2023 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 27 and Note 28 for further details on the equity incentive plans). There was no significant dilution impact for the three months ended March 31, 2022 resulting in basic and diluted earnings per share being the same.

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

	At March 31, 2023	At March 31, 2022
	(EUR thousand)	
Profit attributable to ordinary equity holders of the parent	**28,265**	**27,723**
Weighted average number of ordinary shares for basic EPS	**264,699,481**	**264,699,481**
Weighted average number of ordinary shares adjusted for the effect of dilution	**265,411,871**	**264,728,655**

	2023	**2022**
Basic earnings per common share (in EUR)	0.11	0.10
Diluted earnings per common share (in EUR)	0.11	0.10

17.Intangible assets

Changes in intangible assets as of March 31, 2023, are as follows:

	Total (EUR thousand)
Cost	
At January 1, 2022	**74,260**
Additions	8,097
Exchange differences	417
At December 31, 2022	**82,773**
Additions	1,050
Exchange differences	(129)
At March 31, 2023	**83,694**
Amortization	
At January 1, 2022	**42,332**
Amortization charge for the period	8,116
Exchange differences	168
At December 31, 2022	**50,616**
Amortization charge for the period	2,325
Exchange differences	(38)
At March 31, 2023	**52,903**
Net book value	
At March 31, 2023	30,791
At December 31, 2022	32,158

Additions in intangible assets amounting to EUR 1,050 thousand for the three months ended March 31, 2023, are related to the capitalization of costs associated with an upgrade of the Group's ERP software and other software licenses. No impairment indicators were identified during the three months period ended March 31, 2023.

No impairment indicators have been identified for intangible assets and therefore no impairment losses have been accounted for.

18.Property, plant and equipment

Changes in items of property, plant and equipment as of March 31, 2023 are as follows:

	Total (EUR thousand)
Cost	
At January 1, 2022	**754,760**
Additions	294,527
Disposals	(3,314)
Exchange differences	9,563
At December 31, 2022	**1,055,535**
Additions	112,118
Disposals	(13)
Exchange differences	1,910
At March 31, 2023	**1,169,550**
Depreciation and impairment	
At January 1, 2022	**362,043**
Depreciation charge for the period	50,338
Impairment	44
Disposals	(2,748)
Exchange differences	4,457
At December 31, 2022	**414,134**
Depreciation charge for the period	14,478
Disposals	(13)
Exchange differences	2,221
At March 31, 2023	**430,820**
Net book value	
At March 31, 2023	738,730
At December 31, 2022	641,402

For the three months ended March 31, 2023, property, plant and equipment addition of EUR 112,118 thousand are mainly due to the advancement of construction for the Group's new facilities in the U.S., the renovation of the brownfield plant in Latina (Italy) and expansion of the Group's headquarters and production facilities in Piombino Dese (Italy). Additions also include investments for new manufacturing equipment for the production of EZ-Fill® and bulk syringes, vials and cartridges as the Group continues the build out of its global capacity expansion initiatives.

At March 31, 2023, no impairment indicators have been identified and furthermore no need to reassess useful life of property, plants and equipment.

19.Right of Use

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 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 for the first three months of 2023 are shown below:

	Total
	(EUR thousand)
Cost	
At January 1, 2022	**38,408**
Additions	2,925
Disposals	(747)
Exchange rate differences	644
At December 31, 2022	**41,230**
Additions	429
Disposals	(39)
Exchange rate differences	(228)
At March 31, 2023	**41,392**
Depreciation	
At January 1, 2022	**15,718**
Depreciation charge for the year	6,324
Disposals	(218)
Exchange rate differences	117
At December 31, 2022	**21,941**
Depreciation charge for the year	1,566
Disposals	(30)
Exchange rate differences	(83)
At March 31, 2023	**23,394**
Net book value	
At March 31, 2023	17,998
At December 31, 2022	19,289

20. Financial assets

The following table details the composition of financial assets:

	At March 31, 2023	At December 31, 2022
	(EUR thousand)	
Fair value of derivatives financial instruments	2,685	2,795
Other non-current financial assets	1,041	1,044
Other non-current financial assets	**3,726**	**3,839**
Fair value of derivatives financial instruments	6,103	5,694
Other securities	13,953	27,908
Other current financial assets	**20,056**	**33,602**
Financial Assets	**23,782**	**37,441**

Other securities include guaranteed investment funds managed by Société Générale SA, which are measured at fair value. The decrease in other securities is due to the partial redemption of insurance policies in the first quarter 2023.

At March 31, 2023 and at December 31, 2022, other non-current financial assets and other current financial assets include interest rate swap derivatives.
Other current financial assets also include foreign exchange derivatives. At March 31, 2023 commodity swap derivatives were included in other current financial liabilities.

The following table sets forth the analysis of derivative assets and liabilities as of March 31, 2023, and December 31, 2022.

	At March 31, 2023		At December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	(EUR thousand)			
Non-Current financial assets				
Interest Rate Swap - hedging instruments	2,685	2,685	2,795	2,795
Current financial assets				
Foreign exchange forward contracts - not hedging instruments	1,240	1,240	1,658	1,658
Foreign exchange forward contracts - hedging instruments	1,676	1,676	849	849
Interest Rate Swap - hedging instruments	3,187	3,187	3,187	3,187
Current financial liabilities				
Commodity Swap - hedging instruments	476	476	—	—

As at March 31, 2023 and at December 31, 2022 part 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 U.S. Dollars;
- the commodity swap contracts, designed to hedge against price swings in the market for natural gas and power.

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 March 31, 2023	At December 31 2022
	(EUR thousand)	
Raw materials	91,975	88,139
Semifinished products	38,469	30,196
Finished products	108,974	92,994
Advances to suppliers	22,962	18,119
Provision from slow moving and obsolescence	(16,928)	(16,194)
Total inventories	**245,452**	**213,254**

The provision for slow moving and obsolete inventories as of March 31, 2023, and December 31, 2022, amounted to EUR 16,928 thousand and EUR 16,194 thousand, respectively, with an accrual of EUR 717 thousand recognized within cost of sales and other changes due to exchange rate movements for EUR 17 thousand for the three months ended March 31, 2023. The increase was mainly driven by the following two factors: (i) while there have been modest improvements in supply chains, the Group is maintaining elevated levels of safety stock in the near term; and (ii) the Group is investing and operationalizing new EZ-fill capacity which has longer lead times due to the additional time required to transform bulk products into ready-to-use products.

22.Trade receivables and contract assets

Trade receivables and contract assets are analyzed as follows:

	At March 31, 2023	At December 31, 2022
	(EUR thousand)	
Trade receivables	246,804	218,695
Allowance for expected credit losses	(5,947)	(5,961)
Total trade receivables	**240,857**	**212,734**
Expected credit loss rate	*2.4 %*	*2.7 %*

Trade receivables are non-interest bearing and generally have a term of 60 to 90 days. The Group is not exposed to significant concentration of third-party credit risk. Trade receivables are stated net of an allowance for expected credit losses which has been determined in accordance with IFRS 9 amounting to EUR 5,947 thousand and EUR 5,961 thousand as of March 31, 2023, and December 31, 2022, respectively.

Contract assets

Contract assets relate to revenue earned from ongoing customer-specific construction contracts within the Engineering Segment and from the In-vitro diagnostic business, which is part of the Biopharmaceutical and Diagnostic Solutions Segment. As such, the balances of this account vary and are dependent on the number of ongoing construction contracts at the end of the period. The Group had contract assets of EUR 110,482 thousand as of March 31, 2023, and EUR 103,417 thousand as of December 31, 2022. Contract assets gross amounts to EUR 283,302 thousand (EUR 235,794 thousand as of December 31, 2022), net of invoices issued of EUR 172,820 thousand (EUR 132,377 thousand as of December 31, 2022).

23.Tax receivables and tax payables

As of March 31, 2023 tax receivables amounted to EUR 22,528 thousand compared to EUR 21,018 thousand as of December 31, 2022, and tax liabilities amounted to EUR 52,796 thousand compared to EUR 41,655 thousand as of December 31, 2022. The total net balance as of March 31, 2023, is a payable amounting to EUR 30,268 thousand, compared to a payable amounting to EUR 20,637 thousand as of December 31, 2022.

The change in net balance is mainly due to the increased payable for corporate income taxes accrued for the three months ended March 31, 2023, resulting from the significant increase of the Italian entities' taxable income.

24.Equity

The main objective of the Group’s capital management is to maintain a solid credit rating and adequate financial ratios to support business activity and maximize value for shareholders.
Movements in the equity accounts are reported in the Interim Consolidated Statements of Changes in Equity; comments on the main components and their changes are provided below.

Share capital

As of March 31, 2023, and as of December 31, 2022, the Company paid-in share capital amounted to EUR 21,698 thousand divided into 295,540,036 shares without par 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 March 31, 2023, and as of December 31, 2022, the share premium reserve amounted to EUR 389,312 thousand.

Treasury Reserve

As of March 31, 2023, and as of December 31, 2022, a total of 30,840,555 of the Company's Class A shares were held in treasury for a total cost of EUR (27,740) thousand.

Cash Flow Hedge Reserve

Cash flow hedge reserve reflects the change in the fair value of derivatives financial instruments, designed as cash flow hedges to hedge highly probable forecast transactions. As of March 31, 2023, the cash flow hedge reserve was EUR 5,802 thousand compared to EUR 5,371 thousand as of December 31, 2022.

Cost of hedging reserve

Cost of hedging reserve reflects the forward element of forward contracts. As of March 31, 2023, the cost of hedging reserve amounts to EUR (499) thousand compared to EUR (179) thousand as of December 31, 2022.

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 March 31, 2023 the reserve for actuarial gains/losses amounts to EUR (134) thousand compared to EUR (74) thousand as of December 31, 2022.

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 March 31, 2023, it was EUR (11,668) thousand compared to EUR (15,611) thousand as of December 31, 2022. As of March 31, 2022, it amounted to EUR (10,528) thousand compared to EUR (22,680) thousand as of December 31, 2021. The decrease in the currency translation reserve is mainly due to the appreciation against the Euro of the Mexican Peso and the Brazilian Real, partially offset by the depreciation of both the Chinese Renminbi and the US Dollar against the Euro, which occurred in the last three months. These are the primary currencies in which the net assets of the Group's companies are denominated.

Retained Earnings and Other Reserves

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". The dividend was paid on July 13, 2022 to shareholders of record as of June 14, 2022.

25.Financial liabilities

Total financial liabilities are EUR 228,016 thousand and EUR 219,161 thousand as of March 31, 2023, and as of December 31, 2022, respectively; the balances in financial debt are as follows:

	At March 31, 2023	At December 31, 2022
	(EUR thousand)	
Lease liabilities - Right of Use	4,998	5,325
Bank overdrafts	28,115	13,245
Bank loans	50,284	50,518
Financial liabilities due to related parties	869	871
Fair value of derivatives	476	—
Financial liabilities due to other lenders	—	795
Total current financial liabilities	**84,743**	**70,754**
Lease liabilities - Right of Use	13,741	14,657
Bank loans	79,835	84,069
Notes	49,697	49,681
Total non-current financial liabilities	**143,273**	**148,407**
Financial Liabilities	**228,016**	**219,161**

Financial liabilities mainly include bank loans (current and non-current portions), lease liabilities (current and non-current portions) and notes.

26.Fair Value Measurement

IFRS 13 establishes a three-level hierarchy that categorizes 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, in part, 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 are 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 March 31, 2023, and at December 31, 2022:

As at March 31, 2023:

	Notes	Total	Fair value measurement using Level 1	Level 2	Level 3
			(EUR thousand)		
Cash and cash equivalents		158,763	158,763	—	—
Financial assets - investments FVTPL - traded		380	380	—	—
Financial assets - investments FVTPL - not traded		368	—	—	368
Derivatives - non-current financial assets	20	2,685	—	2,685	—
Derivatives - current financial assets	20	6,103	—	6,103	—
Financial current assets	20	13,953	—	13,953	—
Other non-current financial assets	20	680	—	680	—
Total assets		**182,932**	**159,142**	**23,421**	**368**
Derivatives - non-current financial liabilities	20	476	—	476	—
Total liabilities		**476**	**—**	**476**	**—**

As at December 31, 2022:

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

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 fair value of commodity swap is tied to the market price of the underlying commodities PUN and PSV.

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.

No borrowings of the Group are listed debt.

There are no transfers between Level 1, Level 2 and Level 3 during the three months ended March 31, 2023. During the year ended December 31, 2022, the transfer between Level 3 and Level 1 for "Financial assets - investment FVTPL" is related to the distribution of the shares in Rani Therapeutics Holdings, 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 March 31, 2023, and December 31, 2022.

27.Employee benefits

Employee benefits are analyzed as follows:

	At March 31, 2023	At December 31, 2022
	(EUR thousand)	
Employee severance pay	5,074	4,936
Jubilee benefits	213	213
Other post-employment plans	1,029	979
Long term incentive plan	185	169
Stock grant plan	280	1,353
Other share-based compensation	—	665
Total employee benefits	**6,782**	**8,315**

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.

Long-term Incentive plan

In order to align the interests of management with those of the Shareholders, the Group established a long-term incentive plan linking remuneration and performance. The Board of Directors approved a compensation plan called the "Long-term Incentive 2020-2023". The four-year plan involved 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 will coexist until 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 the beneficiaries who accepted the plan conversion.

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 includes 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 "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 to whom 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 the section “Key Indicators of Performance and Financial Condition” of Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations below. The assigned shares will be registered to a Trustee company and will be subject to the prohibition to sell and to the selling commitment in accordance with a one-year lock-up period.

The transfer of ownership of the shares will be 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-performance 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 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 plan regulations. This component is immediately vested at the time of the assignment of the shares. It generates expenses counterbalanced with the employee benefits liability;

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

The decrease in the employee benefits liability as at March 31, 2023 is due to the reclassification of the balance in the dedicated equity reserve among "other reserves" for those shares for which the targets set for the first vesting period have been achieved.

On May 12, 2022, Stevanato Group 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.

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 represented 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. As at March 31, 2023, this liability was reclassified in a dedicated equity reserve among "other reserves" after finalization of the final grant.

28.Share-based compensation

On December 15, 2022, the Board of Directors approved a Long Term Incentive Plan including two sub-plans, the Restricted Shares Plan 2023-2027 and the Performance Shares Plan 2023-2027, with a duration of 5 years, running from January 1, 2023 until December 31, 2027.

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 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 the other 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 confirm 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 Stevanato Group 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. ROIC is calculated as Net Operating Profit After Taxes divided by Average Invested Capital
(average of the beginning and end of each fiscal year).

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

29.Provisions

The balances as of March 31, 2023, are detailed below:

	Provision for Warranty	Decommissioning	Provision for legal and sundry risks (EUR thousand)	Provision for agents and directors severance indemnity	Total
At January 1, 2023	**1,102**	**654**	**2,770**	**1,026**	**5,552**
Arising during the year	161	7	—	19	187
Utilized	—	—	(12)	—	(12)
Unused amounts reversed	(46)	—	(63)	—	(109)
Exchange rate difference	1	(13)	(48)	—	(60)
At March 31, 2023	**1,218**	**648**	**2,647**	**1,045**	**5,558**
Current	—	—	—	—	—
Non-current	1,218	648	2,647	1,045	5,558

The Provision for Warranty 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 Provision for Warranty 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 and sundry risks represents management's best estimate of the expenditures expected to be required to settle on otherwise resolve legal proceedings and disputes. As of March 31, 2023, the Group's provision for legal and sundry risks includes EUR 1.4 million related to employment and personnel matters in the United States.

As of March 31, 2023 provision for legal and sundry risks also include accruals in connection with taxation related to personnel severance amounting to EUR 586 thousand and a provision for workers compensation insurance for overall EUR 517 thousand.

30. Other non-current liabilities

Other non-current liabilities as at March 31, 2023, and December 31, 2022, amounted to EUR 20,732 thousand and EUR 18,060 thousand, respectively. Other non-current liabilities as at March 31, 2023 mainly relates to (i) an advance payment from the U.S. Biomedical Advanced Research and Development Authority (BARDA) of EUR 16,698 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 2,218 thousand. In addition to that, the increase reflects holiday pay for our Danish companies' employees following the transition to the new Danish Holiday Act that started in 2019.

31. Trade payables and other current liabilities

Trade payables amounted to EUR 235,571 thousand at March 31, 2023 compared to EUR 239,179 thousand at December 31, 2022 and other current liabilities amounted to EUR 77,884 thousand at March 31, 2023 compared to EUR 69,499 thousand at December 31, 2022, both are entirely due within one year. The carrying amount of trade payables is considered to be equivalent to their fair value.

32. Contract liabilities and advances from customers

Contract liabilities and advances from customers are as follows:

	At March 31, 2023	At December 31, 2022
	(EUR thousand)	
Contract Liabilities	10,371	14,847
Advances from customers	54,662	26,568
Total contract liabilities and advances from customers	**65,033**	**41,415**
Current	65,033	41,415
Non-current	—	—

Contract liabilities relate to revenue earned from ongoing customer-specific construction contracts in the Engineering Segment and in the in-vitro diagnostic business, which is part of the Biopharmaceutical and Diagnostic Solutions Segment. The Group has contract net liabilities of EUR 10,371 thousand and EUR 14,847 thousand as of March 31, 2023, and as of December 31, 2022, respectively. Contract liabilities gross amounts to EUR 56,021 thousand (EUR 64,293 thousand as of December 31, 2022), net of invoices issued of EUR 66,392 thousand (EUR 79,140 thousand as of December 31, 2022).

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

33. 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 provides information about the Group's structure, including details of the subsidiaries and the holding company. Transaction with related parties refer to:

- service fees and rentals paid to Winckler & Co Ltd., the company whose owner holds minority interests in the subsidiary Ompi of Japan Co Ltd;
- rentals paid to SFEM Italia S.r.l., controlled by the Stevanato family;
- the purchase of products and rentals paid to Società Agricola Stella S.r.l., 51% controlled by Stevanato Holding S.r.l. and 49% controlled by SFEM Italia S.r.l.;
- 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 SG Denmark A/S;
- rentals paid to members of the Stevanato family;
- in 2018 and 2019 SE Holdings Co Ltd., the minority shareholder of the subsidiary Ompi of Japan Co Ltd., disbursed loans amounting respectively to JPY 73.5 million and JPY 49.0 million;
- donations to the Stevanato Foundation, owned by the 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 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.";
- consulting services provided 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 systems to Incog BioPharma Services, Inc, a U.S. based biopharma services company, in which by SFEM Italia S.r.l. holds a controlling stake.

Transactions with related parties also include compensation to directors and managers with strategic responsibilities.

The amounts of transactions with related parties recognized in the Interim Consolidated Income Statement and the related assets and liabilities are as follows:

	For the three months ended March 31,					
	2023			2022		
	Revenues	Costs	Net financial expenses	Revenues	Costs	Net financial expenses
	(EUR thousand)					
Other related parties	94	1,689	1	—	2,426	—
Total transactions with related parties	**94**	**1,689**	**1**	**—**	**2,426**	**—**

	As of March 31, 2023			As of December 31, 2022		
	Trade receivables	Trade payables	Financial assets or liabilities	Trade receivables	Trade payables	Financial assets or liabilities
	(EUR thousand)			(EUR thousand)		
Other related parties	545	486	(846)	451	150	(871)
Total transactions with related parties	**545**	**486**	**(846)**	**451**	**150**	**(871)**

34. 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 COVID-19 pandemic. COVID-19 provided a favorable tailwind due to our critical role in supplying glass vials and syringes to support the roll-out of the COVID-19 vaccine to approximately 90% of the marketed vaccine programs. The pandemic also had unfavorable impacts including decreases in non-COVID related products, labor absenteeism and supply chain disruptions, among others.

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 estimates that in fiscal year 2023, COVID-19 will account for approximately 2% to 3% of total revenue. Longer-term, there remains uncertainty around the magnitude of demand for COVID-19 related products.

35. Impact of war in Ukraine, global macroeconomic scenario and inflation

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 during the year ended December 31, 2022 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.

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 contributed to a global increase in the price of utilities, specifically natural gas. In response, we adjusted prices accordingly to cover the impacts of these price increases.

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.

The decline in oil and natural gas prices in recent months is mainly related to lower demand and the generally milder 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. In the first quarter of 2023, gas prices have appeared to stabilize, and the Group continues to monitor the situation.

Governments have engaged in efforts to try 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 has added 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 currently 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.

36. Events after the reporting period

The Group has evaluated subsequent events through May 3, 2023, which is the date the Interim Condensed Consolidated Financial Statements were authorized for issuance and concluded that there is nothing material to report.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Our estimates and forward-looking statements are mainly based on our current expectations and estimates of future events and trends, which affect or may affect our businesses and operations. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to numerous risks and uncertainties and are made in light of information currently available to us. Many important factors may adversely affect our results as indicated in forward-looking statements.

For additional information, refer to the risk factors discussed under "Item 1A. Risk Factors" below and in our other filings with the U.S. Securities and Exchange Commission. You should read this discussion and analysis completely and with the understanding that our actual future results may be materially different and worse from what we expect.

Overview

We are a leading global provider of drug containment, drug delivery and diagnostic solutions to the pharmaceutical, biotechnology and life sciences industries. We deliver an integrated, end-to-end portfolio of products, processes and services that address customer needs across the entire drug life cycle at each of the development, clinical and commercial stages. Our core capabilities in scientific research and development, our commitment to technical innovation and our engineering excellence are central to our ability to offer value added solutions to our clients.

We have secured a leadership position within the drug development and delivery value chain through our investment in research and development and the expansion of our global footprint and capabilities. Over our 70-year history, we have earned a leading reputation for high quality and reliability that has enabled us to become a partner of choice for more than 700 companies globally, including 41 of the top 50 pharmaceutical companies (which comprise all of the top 15) and eight of the top ten in-vitro diagnostic companies, as measured by 2020 revenue, according to data collected by Global Data. We also serve 15 of the top 20 biotechnology companies by market capitalization in the NASDAQ Biotechnology Index and over 100 biotechnology customers in total.

Our priority is to provide flexible solutions that preserve the integrity of pharmaceutical products and enable our customers to deliver safe and effective treatments to patients while reducing time to market, total cost of ownership (i.e., logistics, drug product waste, storage and personnel costs) and supply chain risk. We achieve this by developing our products in close collaboration with our customers, leveraging our scientific research capabilities, technical expertise and engineering and manufacturing excellence to meet their quality requirements. For example, under our Exclusive Collaboration Agreement with Owen Mumford Ltd. relating to our Aidaptus disposable autoinjector platform, which we entered into in March of 2022, we are harnessing the full breadth of services to deliver the Aidaptus® auto injector.

Our solutions are highly integrated with the development, production and commercialization processes of our customers. In addition to manufacturing drug containment and delivery solutions, we provide a full set of services across all stages of drug development, from pre-clinical to clinical and commercialization. We also engineer machinery and equipment for the production of drug containment and delivery systems that can be integrated into both our customers' and our own manufacturing processes. Our involvement at each stage of a drug's life cycle, together with the breadth of our offering, enables us to serve as a one-stop-shop for our customers, which we believe represents a significant competitive advantage.

We operate across the healthcare industry and serve some of its fastest growing segments, including biologics (including GLP-1s, monoclonal antibodies and mRNA applications), biosimilars, vaccines and molecular diagnostics. As a result of how closely integrated we are in the drug production and delivery supply chain, we are well-positioned to benefit from multi-year, secular trends within our target industries, such as increases in demand resulting from pharmaceutical innovation, acceleration and expansion of vaccination programs, growth in biologics/biosimilars, self-administration of medicines, aging demographics, increasing quality standards and regulation and a shift towards outsourcing non-core functions by our customers.

We estimate that our total addressable market, based on our current offering, exceeded $15 billion in terms of revenue generated by all market participants in 2022, and consists of biopharmaceutical injectables and in-vitro diagnostic products. Within each of these markets, we operate in some of the fastest growing segments, including pre-fillable syringes, drug delivery systems, molecular diagnostics and assembly equipment.

We believe there are opportunities to further expand our addressable markets, including by targeting (i) complementary containment solutions; (ii) additional delivery systems; (iii) complementary engineering solutions; and (iv) after sales support and services.

We operate our business in two segments:

- •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, as well as the production of diagnostic consumables; and
- •Engineering, which includes the equipment and technologies developed and provided to support the end-to-end pharmaceutical, biotechnology and diagnostic manufacturing processes (i.e., machinery for assembly, visual inspection, packaging and serialization and glass converting).

In the three months ended March 31, 2023, and 2022, we generated 82% and 81% of total sales from our Biopharmaceutical and Diagnostic Solutions segment, respectively, and 18% and 19% from our Engineering segment, respectively.

We refer to our premium products in the Biopharmaceutical and Diagnostic Solutions segment as our "high-value" solutions. High-value solutions are wholly owned, internally developed products, processes and services for which we hold intellectual property rights or have strong proprietary know-how, and that are characterized by particular complexity and high performance. Our high-value solutions deliver significant benefits to customers including higher quality, reduced time-to-market and reduced total cost of ownership. Presently, only about 5% of the vial market and less than 5% of the cartridge market has transitioned to a ready-to-use format but we are currently experiencing a desire by customers to transition to ready-to-use formats to benefit from one or more of the above mentioned efficiencies to different extents. Among our key high-value solutions is our EZ-Fill® line of ready-to-fill injectable products, which can be customized to meet clients' needs. For additional information on EZ-Fill® see "Business—Business Segments—Biopharmaceutical and Diagnostic Solutions— Drug Containment Systems (DCS)" of our Annual Report on Form 20-F for the year ended December 31, 2022.

We have nine production plants for manufacturing and assembling pharmaceutical and healthcare products across Europe (Italy, Germany and Slovakia) and the rest of the world (Brazil, China, Mexico and the United States), five plants for the production of machinery and equipment (Italy and Denmark), two sites for analytical services (Italy and the United States) and two commercial offices (Japan and the United States). Our manufacturing facilities in Mexico (serving the U.S. market), China and Brazil are greenfield operations established by us. Our manufacturing facilities in Slovakia, Denmark, Germany and the United States were acquired in strategic transactions over the past 15 years. Our global footprint, together with our proprietary, highly standardized manufacturing systems and processes, allow us to provide quality consistent products and services to our customers in more than 70 countries.

The Group is expanding its global industrial footprint with the establishment of three new facilities in Fishers, Indiana, United States, in Latina, Italy, and in Zhangjiagang, China, primarily to add capacity in its premium EZ-Fill® products, diversify its product supply and improve proximity to customers.

Highlights

Consolidated Income Statement Data

	(Amounts in € millions, except as indicated otherwise)		
(Unaudited)	**For the three months ended March 31,**		**Change**
	2023	**2022**	**%**
Net Revenue	238.0	212.1	12.2 %
Gross Profit	76.3	67.5	13.0 %
Operating Profit	40.6	37.9	7.1 %
Profit Before Tax	36.0	36.3	-1.0 %
Net Profit attributable to:			
Equity holders of the parent	28.3	27.7	2.0 %
Non-controlling interest	0.0	0.0	(56.1)%
Basic earnings per common share (in €)	0.11	0.10	2.0 %
Diluted earnings per common share (in €)	0.11	0.10	1.7 %

Consolidated Statement of Financial Position Data

(Unaudited)	(Amounts in € millions, except as indicated otherwise) At March 31, 2023	At December 31, 2022	Change €
Assets			
Total current assets	831.3	845.8	(14.5)
Total non-current assets	911.8	813.9	97.9
Total assets	**1,743.1**	**1,659.7**	**83.4**
Liabilities and equity			
Total current liabilities	516.0	462.5	53.5
Total non-current liabilities	196.6	201.3	(4.7)
Total liabilities	**712.6**	**663.8**	**48.8**
Equity	1,030.5	995.9	34.6
Total liabilities and equity	**1,743.1**	**1,659.7**	**83.4**

COVID-19 pandemic update

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. COVID-19 provided a favorable tailwind due to our critical role in supplying glass vials and syringes to support the roll-out of the COVID-19 vaccine to approximately 90% of the marketed vaccine programs. The pandemic also had unfavorable impacts including decreases in non-COVID related products, labor absenteeism and supply chain disruptions, among others.

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 estimates that in fiscal year 2023, COVID-19 will account for approximately 2% to 3% of total revenue. Longer-term, there remains uncertainty around the magnitude of demand for COVID-19 related products.

2023 First quarter challenges

In the first three months of 2023, we still confronted a number of challenges linked, in part, to the decrising relevance of the COVID-19 pandemic and, in part, to the conflict between Russia and Ukraine.

As expected, we anticipate a decrease in revenue related to COVID-19 in 2023 compared to 2022. We estimate that revenue from COVID-19 will represent approximately 2% to 3% of revenue in 2023 compared with 11% in 2022.

In addition, 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 certain other countries and organizations against officials, individuals, regions, and industries in Russia and Belarus. As a result, primarily of the Russian-Ukrainian conflict, gas prices have risen dramatically during the year ended December 31, 2022 and affected Group margins. However, Stevanato Group has not faced any difficulties in accessing natural gas for its operations to date. In the first quarter of 2023, gas prices appear to have stabilized, and we continue to monitor the situation.

The increased demand for electrical components has impacted global supply chains, which were already under strain. While this has caused a temporary disruption in the supply of the manufacturing parts that we use, our ability to source from multiple suppliers, order materials in advance, and keep excess raw materials and inventory on hand, have limited the impact on our business of these supply chain challenges.

General global economic downturns and macroeconomic trends, including heightened inflation, capital market volatility, interest rate and currency rate changes and fluctuations (both as a result of monetary policies and the current macroeconomic environment), 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.

Key Indicators of Performance and Financial Condition

Non-GAAP Financial Measures

We monitor and evaluate our operating and financial performance using several non-GAAP financial measures, including: Constant Currency Revenue, EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Operating Profit, Adjusted Operating Profit Margin, Adjusted Net Profit, Adjusted Diluted EPS, CAPEX, Free Cash Flow, Net Cash/(Debt) and Capital Employed. We believe that these non-GAAP financial measures provide useful and relevant information regarding our performance and improve our ability to assess our financial condition. While similar measures are widely used in the industry in which we operate, the financial measures we use may not be comparable to other similarly titled measures used by other companies, nor are they intended to be substitutes for measures of financial performance or financial position as prepared in accordance with IFRS.

Constant Currency Revenue

Constant Currency Revenue is defined as revenue excluding the impact of fluctuations in currency exchange rates. Constant Currency Revenue is presented to aid management in their analysis of the performance of the Group and to assist in the comparison of our performance with the prior periods and that of our competitors. We believe providing constant currency information provides valuable supplemental information regarding our results of operations. We calculate constant currency amounts by converting our current period local currency revenue using the prior period foreign currency average exchange rates and comparing these adjusted amounts to our prior period reported results. This calculation may differ from similarly titled measures used by others and, accordingly, the constant currency presentation is not meant to substitute recorded amounts presented in conformity with IFRS as issued by the IASB, nor should such amounts be considered in isolation. The following tables set forth the calculation of Constant Currency Revenue for the three months ended March 31, 2023 and provide a reconciliation to the most comparable IFRS measure, Revenue.

	(Amounts in € millions, except as indicated otherwise)				
(Unaudited)	**Biopharmaceutical and Diagnostic Solutions**			**Engineering**	**Consolidated**
For the three months ended March 31, 2023	***High-Value Solutions***	***Other containment and delivery solutions***	**Total Biopharmaceutical and Diagnostic Solutions**	**Total Engineering**	**Total Consolidated**
Reported Revenue	**76.7**	**118.8**	**195.5**	**42.4**	**238.0**
Effect of changes in currency translation rates	(1.1)	(1.1)	**(2.2)**	**0.0**	**(2.2)**
Constant Currency Revenue	**75.6**	**117.7**	**193.3**	**42.5**	**235.8**

	(Amounts in € millions, except as indicated otherwise)				
(Unaudited)	**Biopharmaceutical and Diagnostic Solutions**			**Engineering**	**Consolidated**
Change in revenue at constant currency	***High-Value Solutions***	***Other containment and delivery solutions***	**Total Biopharmaceutical and Diagnostic Solutions**	**Total Engineering**	**Total Consolidated**
Constant Currency Revenue for the three months ended March 31, 2023	75.6	117.7	**193.3**	**42.5**	**235.8**
Reported Revenue for the three months ended March 31, 2022	61.5	110.9	**172.4**	**39.6**	**212.1**
Change in revenue at constant currency	**14.1**	**6.8**	**20.9**	**2.8**	**23.7**
% Change in revenue at constant currency	***22.9 %***	***6.1 %***	***12.1 %***	***7.1 %***	***11.2 %***

EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin

EBITDA is defined as net profit before income tax expenses, net financial expenses, amortization and depreciation. Adjusted EBITDA is defined as EBITDA as adjusted for certain income and costs expected to occur infrequently, and that management considers not reflective of ongoing operational activities of the Company. EBITDA is presented to aid management in their analysis of the performance of the Group and to assist in the comparison of our performance with that of our competitors. Adjusted EBITDA is provided in order to present how the underlying business has performed excluding the impact of certain non-recurring items, which may alter the underlying performance and impair comparability of results between periods.

The following table sets forth the calculation of EBITDA and Adjusted EBITDA for the three months ended March 31, 2023, and 2022, and provides a reconciliation of these non-GAAP measures to the most comparable IFRS measure, Net Profit. Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA for a period by total revenue for the same period.

	(Amounts in € millions, except as indicated otherwise)		
(Unaudited)	**For the three months ended March 31,**		**Change**
	2023	**2022**	**%**
Net Profit	28.3	27.8	1.8 %
Income Taxes	7.8	8.5	-8.2 %
Finance Income	(4.4)	(3.0)	46.7 %
Finance Expenses	9.0	4.6	95.7 %
Operating Profit	**40.6**	**37.9**	**7.1 %**
Depreciation and Amortization	18.4	15.2	21.1 %
EBITDA	**59.0**	**53.1**	**11.1 %**
Non-recurring items	2.9	0.9	233.1 %
Adjusted EBITDA	**61.9**	**54.0**	**14.7 %**
Adjusted EBITDA Margin	***26.0 %***	***25.5 %***	***2.2 %***

Adjusted Operating Profit, Adjusted Operating Profit Margin, Adjusted Net Profit and Adjusted Diluted EPS

Adjusted Operating Profit, Adjusted Net Profit and Adjusted Diluted EPS represent respectively Operating Profit, Net Profit and Diluted EPS as adjusted for certain income and costs expected to occur infrequently, and that management considers not reflective of ongoing operational activities. Adjusted Operating Profit, Adjusted Net Profit and Adjusted Diluted EPS are provided in order to present how the underlying business has performed excluding the impact of the adjusting items, which may alter the underlying performance and impair comparability of results between the periods.

The following tables set forth the calculation of Adjusted Operating Profit for the three months ended March 31, 2023, and 2022. Adjusted Operating Profit margin is calculated by dividing Adjusted Operating Profit for a period by total revenue for the same period.

For further information on non-recurring items, see "*Cost of Sales*" below.

(Unaudited)	**(Amounts in € millions, except as indicated otherwise)**				
For the three months ended March 31, 2023	**EBITDA**	**Operating Profit**	**Income Taxes**	**Net Profit**	**Diluted EPS**
Reported	59.0	40.6	7.8	28.3	0.11
Adjusting items:					
Start-up costs new plants (1)	2.9	2.9	0.8	2.1	0.01
Adjusted	**61.9**	**43.6**	**8.5**	**30.4**	**0.11**
Adjusted Margin	***26.0 %***	***18.3 %***	—	—	—

(Unaudited)	(Amounts in € millions, except as indicated otherwise) (Unaudited)				
For the three months ended March 31, 2022	**EBITDA**	**Operating Profit**	**Income Taxes**	**Net Profit**	**Diluted EPS**
Reported	53.1	37.9	8.5	27.8	0.10
Adjusting items:					
Start-up costs new plants [(1)]	0.9	0.9	0.1	0.8	0.01
Adjusted	**54.0**	**38.8**	**8.6**	**28.6**	**0.11**
Adjusted Margin	***25.5 %***	***18.3 %***	—	—	—

(1) During the three months ended March 31, 2023 and 2022, the Group recorded €2.9 million and €0.9 million, respectively, of start-up costs for the new plants in Fishers, Indiana, United States, and in Latina, Italy.

CAPEX

Capital Expenditure, or CAPEX, is the sum of investment amounts in tangible fixed assets and intangible assets during the period (excluding right-of-use assets recognized during the period in accordance with IFRS 16 Leases). These investment activities consist of acquisitions of property, plant and equipment and intangible assets.
The following table sets forth the CAPEX for the three months ended March 31, 2023, and 2022:

(Unaudited)	(Amounts in € millions, except as indicated otherwise) For the three months ended March 31,		Change
	2023	**2022**	**€**
Addition to Property, plants and equipment	112.1	51.9	60.2
Addition to Intangible Assets	1.1	1.9	(0.8)
CAPEX	**113.2**	**53.8**	**59.4**

See Note 17 "*Intangible Assets*" and Note 18 "*Property, plant and equipment*" to the Interim Condensed Consolidated Financial Statements for additional details.

For further information on Capital Expenditure on a paid-out cash basis see "*Liquidity and Capital Resources Capital Expenditure*" below.

Free Cash Flow

Free Cash Flow is defined as cash flows from operating activities excluding interests paid and received, less investments in property, plant and equipment and intangible assets on a cash basis.

The following table sets forth the calculation of Free Cash Flow for the three months ended March 31, 2023, and 2022:

(Unaudited)	(Amounts in € millions, except as indicated otherwise) For the three months ended March 31, 2023	2022	Change €
Cash Flow from Operating Activities	37.1	5.2	31.9
Interest paid	0.9	0.8	0.1
Interest received	(0.2)	(0.2)	(0.0)
Purchase of property, plant and equipment	(127.7)	(52.7)	(75.0)
Purchase of intangible assets	(1.1)	(1.9)	0.9
Free Cash Flow	**(91.0)**	**(48.8)**	**(42.2)**

For further information on cash flow see "*Liquidity and Capital Resources Operating and Investing Activities*" below.

Net Cash/ (Debt)

The following table sets forth the calculation of Net Cash/ (Debt), which is a metric used by the management to analyze the financial stability of our business. Net Cash/ (Debt) is calculated by adding up current and non-current financial liabilities and subtracting the current financial assets, non-current financial receivables and cash and cash equivalent.

(Unaudited)	(Amounts in € millions, except as indicated otherwise) At March 31, 2023	At December 31, 2022
Non-current financial liabilities	(143.3)	(148.4)
Current financial liabilities	(84.7)	(70.7)
Other non-current financial assets - Derivatives	2.7	2.8
Other current financial assets	20.1	33.6
Cash and cash equivalents	158.8	228.7
Net Cash/ (Debt)	**(46.5)**	**46.0**

Capital Employed

The following table sets forth the reclassified consolidated statements of financial position which is presented to aid management in their analysis of the Capital Employed to generate profits. Capital Employed is determined as the sum of non-current assets, net working capital, which is the difference between current assets and current liabilities, net of non-current liabilities.

	(Amounts in € millions, except as indicated otherwise)	
(Unaudited)	**At March 31, 2023**	**At December 31, 2022**
- Goodwill and Other intangible assets	78.0	79.4
- Right of Use assets	18.0	19.3
- Property, plant and equipment	738.7	641.4
- Financial assets - investments FVTPL	0.7	0.8
- Other non-current financial assets	1.0	1.0
- Deferred tax assets	72.6	69.2
Non-current assets	**909.2**	**811.1**
- Inventories	245.5	213.3
- Contract Assets	110.5	103.4
- Trade receivables	240.9	212.7
- Trade payables	(235.6)	(239.2)
- Advances from customers	(54.7)	(26.6)
- Contract Liabilities	(10.4)	(14.8)
Trade working capital	**296.2**	**248.8**
- Tax receivables and Other receivables	55.7	54.0
- Tax payables and Other liabilities	(130.7)	(111.1)
Net working capital	**221.2**	**191.7**
- Deferred tax liabilities	(20.3)	(21.0)
- Employees benefits	(6.8)	(8.3)
- Provisions	(5.6)	(5.5)
- Other non-current liabilities	(20.7)	(18.1)
Total non-current liabilities and provisions	**(53.4)**	**(52.9)**
Capital Employed	**1,077.0**	**949.9**
Net Cash/ (Debt)	**(46.5)**	**46.0**
Equity	**(1,030.5)**	**(995.9)**
Total Equity and Net Cash/ Debt	**(1,077.0)**	**(949.9)**

Backlog

Our backlog represents, as of a point in time, estimated future revenue for work not yet completed under (i) specific purchase orders, with regards to our Biopharmaceutical and Diagnostic Solutions segment; and (ii) certain one-off agreements, with regards to our Engineering segment. We recognize direct revenue over the life of the contract based on our performance of services under the contract. Contracts may be terminated or delayed by our customers or regulatory authorities for reasons beyond our control. To the extent projects are delayed, the timing of our revenue could be affected. In the event a customer terminates a contract, we are generally entitled to be paid for services rendered through the termination date and for services provided in winding down the project. However, we are only rarely entitled to receive the full amount of direct revenue reflected in our backlog in the event of a contract termination. The duration of the projects in our backlog, and the related revenue recognition, ranges from several months to a couple of years. For orders that are placed inside a contractual firm period, we generally have a contractual right to payment in the event of cancellation. Fluctuations in our reported backlog levels also result from the timing and order pattern of our customers who often seek to manage their level of inventory on hand.
Because of customer ordering patterns, our backlog reported for certain periods may fluctuate and may not be indicative of future results. A number of factors may affect backlog and the direct revenue generated from our backlog, including: (a) the size, complexity and duration of projects; and (b) the cancellation or delay of projects.

Our backlog as of March 31, 2023, was approximately €954.8 million, compared to approximately €957.0 million as of December 31, 2022, and of approximately €992.2 million as of March 31, 2022.

For the first quarter of 2023, new order intake totaled €235.7 million compared to €324.3 million for the first quarter of 2022. The year-over-year decrease was due to (i) the expected drop in COVID-19 orders as the pandemic wanes; and (ii) the normalization of customer ordering patterns as global supply chains started to stabilize. The Group anticipates that there may be fluctuations quarter to quarter in order intake and backlog.

Although an increase or decrease in backlog will generally respectively result in an increase or decrease in future direct revenue to be recognized over time (depending on future contract modifications, contract cancellations and other adjustments), an increase or decrease in backlog at a particular point in time does not necessarily correspond to an increase or decrease, respectively, in direct revenue during a particular period. The timing and extent to which backlog will result in direct revenue depends on many factors, including the timing of commencement of work, the rate at which we perform services, scope changes, cancellations, delays, receipt of regulatory approvals and the nature, duration, size, complexity and phase of the studies. In addition, delayed projects remain in backlog until they are cancelled. As a result of these factors, our backlog is not necessarily a reliable indicator of future direct revenue, and we might not realize all or any part of the direct revenue from the authorizations in backlog as of any point in time.

Components of Our Results of Operations

The following discussion sets forth certain components of our statements of operations as well as factors that impact those items. Results discussed in this section of the quarterly report are consolidated according to IFRS accounting principles and therefore do not include Company’s inter-segment items other than where we specifically note otherwise.

Revenue and Segment Reporting

Our revenue is divided into two main segments:

(i)***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, as well as the production of diagnostic consumables. This segment is split into two sub-categories:

- high-value solutions; and
- other containment and delivery solutions.

(ii)***Engineering:*** which includes the equipment and technologies developed and provided to support the end-to-end biopharmaceutical and diagnostic manufacturing processes (machinery for assembly, visual inspection, packaging and serialization and glass converting). We believe operating in this segment differentiates us from our competitors, and enables us to provide integrated end-to-end solutions, reduce time to market and improve the quality of our products.

Revenue recognized in the three months ended March 31, 2023, and 2022, amounted to €238.0 million and €212.1 million, respectively.

In the three months ended March 31, 2023, and 2022, we generated 82% and 81% of total sales from our Biopharmaceutical and Diagnostic Solutions segment, respectively, and 18% and 19% from our Engineering segment, respectively.

The following tables set forth the results of our business operations for the aforementioned segments, which include inter-segment items, and the reconciliation with the consolidated figures, for the three months ended March 31, 2023, and 2022.

Revenue for each segment is divided into "External Customers", representing revenue from third party sales, and "Inter-Segment", representing the revenue from the sales generated from the transactions with other segments, and is then reconciled with the Consolidated Revenue which does not include inter-segment items.

Gross Profit margin is calculated by dividing Gross Profit for a period by total revenue for the same period. Operating Profit margin is calculated by dividing Operating Profit for a period by total revenue for the same period. Gross Profit margin and Operating profit margin for both Biopharmaceutical and Diagnostic Solutions segment and Engineering segment include the effect of inter-segment transactions.

(Unaudited)	**For the three months ended March 31, 2023**			
	Biopharmaceutical and Diagnostic Solutions	**Engineering**	**Adjustments, eliminations and unallocated items**	**Consolidated**
External Customers	195.5	42.4	—	238.0
Inter-Segment	0.4	49.4	(49.8)	—
Revenue	**196.0**	**91.8**	**(49.8)**	**238.0**
Gross Profit	**66.0**	**19.9**	**(9.6)**	**76.3**
Gross Profit Margin	***33.7 %***	***21.7 %***		***32.0 %***
Operating Profit	**38.7**	**14.0**	**(12.1)**	**40.6**
Operating Profit Margin	***19.8 %***	***15.2 %***		***17.1 %***

(Unaudited)	**For the three months ended March 31, 2022**			
	Biopharmaceutical and Diagnostic Solutions	**Engineering**	**Adjustments, eliminations and unallocated items**	**Consolidated**
External Customers	172.4	39.6	—	212.1
Inter-Segment	0.3	23.5	(23.8)	—
Revenue	**172.7**	**63.1**	**(23.8)**	**212.1**
Gross Profit	**56.8**	**13.5**	**(2.8)**	**67.5**
Gross Profit Margin	***32.9 %***	***21.4 %***		***31.8 %***
Operating Profit	**35.7**	**8.7**	**(6.5)**	**37.9**
Operating Profit Margin	***20.7 %***	***13.8 %***		***17.9 %***

Results of Operations

Three months ended March 31, 2023 versus three months ended March 31, 2022

The following table sets forth our results of operations for the three months ended March 31, 2023, and 2022.

(Unaudited)	(Amounts in € millions, except as indicated otherwise) For the three months ended March 31,				Change	Change
	2023	% of revenue	2022	% of revenue	€	%
Revenue	238.0	100.0 %	212.1	100.0 %	25.9	12.2 %
Costs of sales	161.7	68.0 %	144.6	68.2 %	17.1	11.8 %
Gross Profit	**76.3**	**32.0 %**	**67.5**	**31.8 %**	**8.8**	**13.0 %**
Other operating Income	1.2	0.5 %	1.5	0.7 %	(0.3)	-20.0 %
Selling and Marketing Expenses	6.1	2.5 %	4.9	2.3 %	1.2	24.5 %
Research and Development Expenses	8.6	3.6 %	7.7	3.6 %	0.9	11.7 %
General and Administrative Expenses	22.2	9.3 %	18.5	8.7 %	3.7	20.0 %
Operating Profit	**40.6**	**17.1 %**	**37.9**	**17.9 %**	**2.7**	**7.1 %**
Finance Income	4.4	1.8 %	3.0	1.4 %	1.4	46.7 %
Finance Expense	9.0	3.8 %	4.6	2.2 %	4.4	95.7 %
Profit Before Tax	**36.0**	**15.1 %**	**36.3**	**17.1 %**	**(0.3)**	**-0.8 %**
Income Taxes	7.8	3.3 %	8.5	4.0 %	(0.7)	-8.2 %
Net Profit	**28.3**	**11.9 %**	**27.8**	**13.1 %**	**0.5**	**1.8 %**

Revenue

Revenue increased by €25.9 million, or 12.2%, to €238.0 million for the three months ended March 31, 2023, compared to €212.1 million for the three months ended March 31, 2022, mainly driven by sales growth in our Biopharmaceutical and Diagnostic Solutions and Engineering segments. Revenue growth on a constant currency basis was 11.2% for the three months ended March 31, 2023. For the three months ended March 31, 2023, we estimate that COVID-19 related revenue represented approximately 4.0% of our total revenue compared to 10.5% for the three months ended March 31, 2022.

Biopharmaceutical and Diagnostic Solutions

Revenue generated by the Biopharmaceutical and Diagnostic Solutions segment increased by €23.1 million, or 13.4%, to €195.5 million for the three months ended March 31, 2023, compared to €172.4 million in the three months ended March 31, 2022. Revenue growth on constant currency basis was 12.1% for the three months ended March 31, 2023. All growth was organic and mainly driven by increased revenue from high-value solutions. Revenue generated from our high-value solutions increased by €15.2 million, or 24.7%, to €76.7 million for the three months ended March 31, 2023, compared to €61.5 million for the three months ended March 31, 2022. Revenue generated by other containment and delivery solutions increased by €7.9 million, or 7.2%, to €118.8 million compared to €110.9 million for the three months ended March 31, 2022.

On a constant currency basis, revenue generated from high-value solutions increased by €14.1 million, or 22.9%, to €75.6 million for the three months ended March 31, 2023, compared to €61.5 million, for the three months ended March 31, 2022, and revenue generated by other containment and delivery solutions increased by €6.8 million, or 6.1%, to €117.7 million for the three months ended March 31, 2023, compared to €110.9 million for the three months ended March 31, 2022.

For the three months ended March 31, 2023, we estimate that approximately 4.9% of segment revenue is related to COVID-19, compared to approximately 12.9% of segment revenue estimated for the three months ended March 31, 2022.

Engineering

Revenue generated by the Engineering segment, increased by €2.8 million, or 7.1%, to €42.4 million for the three months ended March 31, 2023, compared to €39.6 million for the three months ended March 31, 2022. Revenue increased principally due to higher sales in visual inspection systems and assembly and packaging machines, partially offset by a decrease in revenue from glass converting machines.

We do not consider any of the revenue in our Engineering segment to be attributable to COVID-19 since: (i) we cannot accurately determine the end use of our products; and (ii) most of our products have life cycles of 10 years or more and, therefore, bear a reasonably likely chance of being used for purposes other than COVID-19 related.

Revenue Breakdown by Region

For the three months ended March 31, 2023, revenue in EMEA and North America increased by €26.3 million, or 21.2% to €150.4 million (which accounted for 63.2% of our total revenue for the three months ended March 31, 2023) compared to €124.1 million for the three months ended March 31, 2022 and by €4.0 million, or 7.6%, to €56.7 million (which accounted for 23.8% of our total revenue for the three months ended March 31, 2023) compared to €52.7 million for the three months ended March 31, 2022, respectively. For the same period, revenue in APAC and South America decreased by €3.1 million, or 11.0%, to €25.3 million (which accounted for 10.6% of our total revenue for the three months ended March 31, 2023) compared to €28.4 million for the three months ended March 31, 2022 and by €1.2 million, or 17.8%, to €5.6 million (which accounted for 2.4% of our total revenue for the three months ended March 31, 2023) compared to €6.8 million for the three months ended March 31, 2022, respectively.

Cost of Sales

Cost of sales increased by €17.1 million, or 11.8%, to €161.7 million for the three months ended March 31, 2023, compared to €144.6 million for the three months ended March 31, 2022. The increase in cost of sales resulted from a general increase in the cost of materials and components, direct and indirect personnel costs and subcontracting work mainly to support the growth of our sales volumes. Industrial depreciation and amortization increased due to the availability for use of the machinery installed in the previous months to increase the production capacity. Nevertheless, cost of sales increased less than proportionally compared to our revenue.

For the three months ended March 31, 2023, cost of sales was also positively affected by €3.0 million in subsidies granted by the Italian government that are intend to help mitigate the rise in utility costs. The grants, already in place in the fourth quarter 2022, are in effect through the second quarter of 2023.

For the three months ended March 31, 2023, cost of sales included €2.5 million of non-recurring start-up costs related to the new facilities in Indiana, U.S., and in Latina, Italy.

Gross Profit

For the three months ended March 31, 2023, gross profit increased by €8.8 million, or 13.0%, to €76.3 million, compared to €67.5 million for the three months ended March 31, 2022. As a result, gross profit margin increased to 32.0% for the three months ended March 31, 2023, compared to 31.8% for the same period last year, mainly driven by higher sales of more accretive high-value solutions and, to a lesser extent, margin improvement in our Engineering segment. This was offset by the expected rise in industrial costs and higher depreciation as our new plants come into service.

For the three months ended March 31, 2023, gross profit margin for the Biopharmaceutical and Diagnostic Solutions segment increased to 33.7% compared to 32.9% for the three months ended March 31, 2022, principally driven by a higher mix of more accretive high value solutions.

For the three months ended March 31, 2023, gross profit margin for the Engineering segment increased to 21.7% compared to 21.4% for the three months ended March 31, 2022. The increase in gross profit margin was mainly driven by improved margin in all product families, especially in vision inspection, and ongoing business optimization efforts.

Other Operating Income

Other operating income, which includes all revenue from customers not derived from the sale of our products, services and solutions such as revenue from feasibility studies, design, development and industrialization of new products, order amendment fees, government grants, decreased by €0.3 million, or 20.0%, to €1.2 million for the three months ended March 31, 2023, compared to €1.5 million for the three months ended March 31, 2022. Other operating income typically represents a relatively minor part of our income and its amount varies yearly depending on the specific business agreements in place.

Selling and Marketing Expenses

Selling and marketing expenses increased by €1.2 million, or 24.5%, to €6.1 million for the three months ended March 31, 2023, compared to €4.9 million for the three months ended March 31, 2022. These expenses are mainly related to personnel expenses for our sales organization. They also include depreciation for €0.2 million for the three months ended March 31, 2023 (€0.2 million for the three months ended March 31, 2022). The year-over-year increase is mainly related to business development costs for events and travel as well as higher personnel expenses to support the ongoing growth.

Research and Development Expenses

Research and development expenses increased by €0.9 million, or 11.7%, to €8.6 million for the three months ended March 31, 2023, compared to €7.7 million for the three months ended March 31, 2022. The increase is mainly related to higher personnel costs due to new hires to sustain and progress the strategic R&D activities launched at the Group level. The increase in research and development expenses reflects our investments in premium primary packaging and drug delivery systems to accelerate our market-leading position, strengthen our IP, and develop new technologies to advance patient care.

General and Administrative Expenses

General and administrative expenses increased by €3.7 million, or 20.0%, to €22.2 million for the three months ended March 31, 2023, compared to €18.5 million in the three months ended March 31, 2022. These expenses mainly comprise personnel expenses for management of the company, consultancy costs, rentals, as well as depreciation and amortization of €2.1 million (compared to €1.6 million for the three months ended March 31, 2022), of which amortization of fair value adjustments from purchase price allocations amounted to €0.3 million (€0.3 million for the three months ended March 31, 2022). The increase in General and Administrative expenses was mainly attributable to higher labor costs linked to: (i) the structuring of corporate functions as a public company; (ii) the structuring of the Americas Region; and (iii) new hires in support of future growth. The increase in General and Administrative expenses is further due to higher insurance and IT costs.

Operating Profit

As a result of the foregoing, operating profit increased by €2.7 million, or 7.1%, to €40.6 million for the three months ended March 31, 2023, compared to €37.9 million for the three months ended March 31, 2022. Operating profit margin for the three months ended March 31, 2023, decreased to 17.1% compared to 17.9% for the three months ended March 31, 2022, mostly due to higher selling, general and administrative expenses to support future growth initiatives including the implementation of our regional management structure and new hires.

For the three months ended March 31, 2023, the operating profit margin for the Biopharmaceutical and Diagnostic Solution segment was 19.8%, compared to 20.7% for the three months ended March 31, 2022. The decrease in operating profit margin is mainly due to higher selling, general and administrative expenses to support future growth.

For the three months ended March 31, 2023, Engineering operating profit margin was 15.2%, compared to 13.8% for the three months ended March 31, 2022. The increase in operating profit margin was mainly driven by improved margin in all product families as well as better absorption of sales, general and administrative expenses.

Net Finance Expenses

Finance expenses, net of finance income, increased by €3.0 million to €4.6 million, net expense, for the three months ended March 31, 2023, from €1.6 million, net expense, for the three months ended March 31, 2022. 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.

Net finance expenses mainly increase due to the net foreign currency exchange rate impact, given by the sum of gains and losses, amounting to a net loss of €4.3 million for the three months ended March 31, 2023, and a net loss of €0.1 million for the three months ended March 31, 2022. The primary driver of the foreign currency exchange rate impact in the first quarter of 2023 was due to the unexpected strengthening of the Mexican Peso against the Euro and U.S. Dollar during the period, which impacted foreign currency exchange gains and losses.

Profit Before Tax

Profit before taxes decreased by €0.3 million, or 0.8%, to €36.0 million for the three months ended March 31, 2023, compared to €36.3 million for the three months ended March 31, 2022.

Income Taxes

Income taxes decreased by €0.7 million, or 8.2%, to €7.8 million for the three months ended March 31, 2023, compared to €8.5 million for the three months ended March 31, 2022.

(Unaudited)	(Amounts in € millions, except as indicated otherwise) For the three months ended March 31, 2023	2022	Change €
Current Income Tax			
Current Taxes	11.8	9.7	2.1
Deferred Taxes			
Deferred Taxes	(4.1)	(1.2)	(2.9)
Income Tax Expenses reported in the statement of profit or loss	**7.8**	**8.5**	**(0.7)**

Current taxes increased by €2.1 million to €11.8 million for the three months ended March 31, 2023 compared to €9.7 million for the three months ended March 31, 2022 mainly due to the increase in taxable income of Italian legal entities.

Deferred taxes increased by € 2.9 million to €(4.1) million for the three months ended March 31, 2023 compared to €(1.2) million for the three months ended March 31, 2022 mainly due to deferred taxation recognized during consolidation for the machinery built and capitalized within the Group.

Net Profit

Net profit increased by €0.5 million, or 1.8%, to €28.3 million (or €0.11 of Diluted EPS or €0.11 of Adjusted Diluted EPS) for the three months ended March 31, 2023, compared to €27.8 million (or €0.10 of Diluted EPS or €0.11 of Adjusted Diluted EPS) for the three months ended March 31, 2022.

Liquidity and Capital Resources

We finance our operations mainly through cash generated by our operating activities and debt financing. Our primary requirements for liquidity and capital are to finance capital expenditures, working capital (which is the difference of current assets and current liabilities—net of current financial assets, current financial liabilities, cash and cash equivalents), and general corporate purposes.

Our primary sources of liquidity include our cash and cash equivalents and medium and long-term loans from a number of financial institutions. As of March 31, 2023, we had cash and cash equivalents of €158.8 million (compared to €228.7 million as of December 31, 2022) and other current financial assets of €20.1 million (compared to €33.6 million as of December 31, 2022). Our cash and cash equivalents primarily consist of cash held in bank accounts and highly liquid investments, such as short-term deposits, which are unrestricted from withdrawal or use, or which have original maturities of three months or less when purchased.

In January and February 2023, we secured two loans totaling €130.0 million to support our ongoing capital investments in growth platforms. The first five-year loan agreement was financed through BNP Paribas for €70.0 million. The second loan totaling up to €60.0 million was financed through Cassa Depositi e Prestiti. Both loans have a two year draw down (in one or more solutions) that allows us the flexibility to access the capital when needed. The financing will be used to expand capacity to increase production, primarily for high-value solutions to meet increased demand.

We believe that our 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 us to satisfy the requirements of our investing activities and working capital needs for the next 12 months and ensure an appropriate level of operating and strategic flexibility.

Our total current liabilities were €516.0 million as of March 31, 2023 (compared to €462.5 million as of December 31, 2022), which primarily includes €235.6 million trade payables, €10.4 million contract liabilities, €54.7 million advances from customers, €79.7 million financial liabilities, €52.8 million tax payables, €5.0 million lease liabilities and €77.9 million other liabilities mainly relating to payables to personnel and social security institutions as well as allowance for future expected customer returns.

Financing activities

We employ a disciplined approach in managing our working capital and balance sheet to support our business and operations.

Capital Expenditures

During the three months ended March 31, 2023, €106.2 million of capital expenditures have been allocated to growth and capacity expansion, which included: (i) €97.5 million for new EZ-Fill® production lines and related buildings expansion, principally in the U.S. (€45.6 million) and in Latina (€42.0 million); (ii) €5.7 million for the completion of vials and cartridges capacity expansion; and (iii) €3.0 million for new machinery for high precision plastic injection molding and assembly for container in vitro diagnostic solutions.

In the United States, the construction of our new facility in Fishers, Indiana, 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 forth quarter of 2023. We are prioritizing our investments in the U.S. and Italy in order to satisfy customer demand.

Capital expenditures for maintenance, futher enhancing quality, improving our IT systems, improving efficiency of our production processes and continuing to improve safety of our plants and production sites amounted to €5.8 million, while for research and development, including laboratory equipment, molds and other related equipment, amounted to €1.2 million. We intend to devote approximately the same portion of capital expenditures to growth and capacity expansion in future years.

Cash Flow

The following table presents the summary consolidated cash flow information for the periods presented.

(Unaudited)	(Amounts in € millions, except as indicated otherwise) For the three months ended March 31, 2023	2022	Change €
Cash flows from operating activities	37.1	5.2	31.9
Cash flows used in investing activities	(128.8)	(54.7)	(74.1)
Cash flows from financing activities	22.0	3.1	18.9
Net change in cash and cash equivalents	**(69.7)**	**(46.4)**	**(23.3)**

Cash generated from operating activities

Net cash generated from operating activities was €37.1 million for the three months ended March 31, 2023 (compared to cash generation of €5.2 million for the three months ended March 31, 2022). For the three months ended March 31, 2023, the EBITDA generation of €59.0 million was partially offset by €17.0 million of cash absorbed from the net change in working capital, which resulted from the growth of our business, and by €2.2 million in income tax paid and €3.1 million from change in provisions, employee benefits and deferred taxation.

Cash used in investing activities

Net cash used in investing activities was €128.8 million for the three months ended March 31, 2023 (compared to €54.7 million cash used in investing activities for the three months ended March 31, 2022), as we continued to invest in our strategic global expansion.

Cash generated from financing activities

Net cash flows generated from financing activities was €22.0 million for the three months ended March 31, 2023 (compared to €3.1 million generated from financing activities for the three months ended March 31, 2022). For the three months ended March 31, 2023, loan repayments and the payment of the principal portion of lease liabilities amounted to €5.2 million and to €1.6 million, respectively. New borrowings amounted to €14.9 million and €13.9 million related to proceeds from the partial redemption of insurance policies.

Net change in cash and cash equivalents

The net change in cash and cash equivalents was €(69.7) million for the three months ended March 31, 2023, compared to €(46.4) million for the three months ended March 31, 2022.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

- •financial market risk, mainly relating to foreign currency exchange rates and interest rates;
- •liquidity risk, with particular reference to the availability of funds and access to the credit markets, should the Group require it, and to financial instruments in general; and
- •credit risk, arising both from its normal commercial relations with customers, and its financing activities.
- •commodity risk, arising from the fluctuation in commodity price, driven by external market factors, especially for natural gas and electricity.

These risks could significantly affect our financial position, results of operations and cash flows, and for this reason we identify and monitor them, in order to detect potential negative effects in advance and take the necessary action to mitigate them, primarily through our operating and financing activities and if required, through the use of derivative financial instruments.
The following section provides qualitative and quantitative disclosures regarding the effect that these risks may have upon us. The quantitative data reported in the following section does not have any predictive value.

Financial market risks

Due to the nature of our business, we are exposed to a variety of market risks, including foreign currency exchange rate risk and, to a lesser extent, interest rate risk.

Our exposure to foreign currency exchange rate risk arises from our global footprint (both in terms of production 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 in which the Group operates.

Our 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 our net profit/(loss), thereby indirectly affecting the costs and returns of financing and investing transactions.

These risks could significantly affect our performance and are therefore identified and monitored. We have 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, we have adopted a hedging policy. Hedging activities are executed both at the corporate and company 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, also taking account of budgeted future revenues and costs. Despite hedging operations, sudden movements in exchange rates or erroneous estimates may result in a negative impact, although limited, on our results.

Information on foreign currency exchange rate risk

We are exposed to risk resulting from fluctuations in foreign currency exchange rates, which can affect our earnings and equity. In particular:

- •Where a Group company incurs costs in a currency different from that of its revenues, any change in foreign currency exchange rates can affect the operating results of that company.
- •The main foreign currency to which we are exposed is the U.S. Dollar for sales in the United States and other markets where the U.S. Dollar is the reference currency, against the Euro, Mexican Peso and Renminbi. Other significant exposures included the exchange rate between the Euro and the following currencies: Japanese Yen and Danish Krone. It is our 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 and Switzerland. As our reporting currency is the Euro, the income statements of those companies are translated into Euros using the average exchange rate for the period and, even if revenues and margins are unchanged

in local currency, changes in exchange rates can impact the amount of revenues, costs and profit as restated in Euros. Similarly, intercompany financing may lead to foreign exchange rate impact due to different functional currencies.

- The 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.

We monitor our 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 March 31, 2023.

Exchange differences arising from 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 three months ended March 31, 2023, except for those arising from financial instruments measured at fair value, amounted to net loss of €4.3 million (compared to €0.1 million net loss for the three months ended March 31, 2022).

There have been no substantial changes in the first quarter of 2023 in the nature or structure of exposure to foreign currency exchange rate risk or in the Group's hedging policies.

We actively hedge against economic-transactional risk; more specifically, forward and swap contracts, plain vanilla and collar options are used to manage the exposures. Such instruments are designated as cash flow hedges only in part and contracts are entered for a period consistent with the underlying transactions, generally ranging from three to twelve months.

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 the corporate level and utilizes similar structures as those employed for the management of currency risks. We have hedges in place against interest rate risk, covering nearly all the loans contracted. Due to these actions, we have established a substantially fixed rate at improved conditions compared to the previous loans.

Our most significant floating rate financial assets at March 31, 2023 are cash and cash equivalents and certain financial current investments.

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

Liquidity risk

Liquidity risk arises if we are unable to obtain the funds needed to carry out our operations under economic conditions. The main determinant of our liquidity position is the cash generated from or used in operating and investing activities.

From an operating point of view, we manage liquidity risk by monitoring cash flows and keeping an adequate level of funds at our disposal. The main funding operations and investments in cash and marketable securities of the Group are centrally managed and supervised by the treasury department with the aim of ensuring effective and efficient management of our liquidity. We undertake medium and long-term loans to fund medium and long-term operations. We undertake 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; and
- monitoring covenants on indebtedness.

Intercompany financing is conducted at arm's length terms and normally involves the holding company. These measures currently sufficiently guarantee, under 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.

We believe that our 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 us to satisfy the requirements of our investing activities and working capital needs and ensure an appropriate level of operating and strategic flexibility. We, therefore, believe there is no significant risk of a lack of liquidity in the near-term.

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 we are 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, our financial position may deteriorate. Socio-political events (or country risks) and the general economic performance of individual countries or geographical regions may also assume significance in this respect. The credit risk is however mitigated by consolidated commercial relations with well capitalized multinational pharmaceutical and biologics companies and our guidelines created for the selection and evaluation of the client portfolio, which may require, where possible and appropriate, further guarantees from customers. As of March 31, 2023, our days sales outstanding increased by 14 to 82, compared to 68 days as of December 31, 2022.

Trade receivables as of March 31, 2023, amounting to €246.8 million (compared to €218.7 million as of December 31, 2022), are shown net of the allowance for doubtful accounts amounting to €6.0 million (compared to €6.0 million as of December 31, 2022).

Commodity risk

With regard to commodity risk, the Group entered into floating-price contracts for certain utilities. The Group consumes large amounts of natural gas and electricity for its operating activities. The increased volatility in natural gas and electricity prices over the past 12 months has led to the decision to enter into commodity swap contracts.

These contracts, which commenced in February 2023, are expected to reduce the volatility attributable to price fluctuations of natural gas and power. Hedging the price volatility of forecasted natural gas and power consumption is in accordance with the risk management strategy outlined by the Board of Directors. Hedging contracts are referred to the same index to which the supplying contract is based (i.e. PSV Baseload and PUN Baseload).

Critical Accounting Policies and Significant Judgments and 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 material adjustments 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

We operate in several jurisdictions and assess whether contracts with customers provide the right to consideration for the performance fulfilled based on legal assessment of applicable contracts and other sources of enforceable rights and obligations (i.e., local regulations). With regard to 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 entails assumptions that 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 cost to complete projects 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 project expected return percentages. These percentages are applied to determine the expected value of the variable consideration.

Recoverable amount of goodwill

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

Item 4. Controls and Procedures

There were no significant changes in our internal control over financial reporting during the three months ended March 31, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II–OTHER INFORMATION

Item 1. Legal Proceedings

The Company is from time to time subject to various litigation and administrative and other legal proceedings, including potential regulatory actions, incidental or related to our business, including commercial contract and other claims that might give rise to liability, among others (collectively "Legal Proceedings").

Management believes that the outcome of the current Legal Proceedings will not have a material effect upon our business, financial condition, results of operations, cash flows, as well as the trading price of our securities. However, management's assessment of Legal Proceedings is ongoing, and could change in light of the discovery of additional facts with respect to Legal Proceedings pending against the Company, not presently known to us, or determinations by judges, arbitrators, juries or other finders of fact or deciders of law which are not in accord with management's evaluation of the probable liability or outcome of such Legal Proceedings. From time to time, the Company is in discussions with regulators, including discussions initiated by the Company, about actual or potential violations of law in order to remediate or mitigate associated legal or compliance risks. As the outcomes of such proceedings are unpredictable, the results of any such proceedings may materially affect the Company's reputation, business, financial condition, results of operations, cash flows or the trading price of its securities.

Item 1A. Risk Factors

There have been no material changes from the risk factors described in the Company's Annual Report on Form 20-F for the year ended December 31, 2022 filed with the U.S. Securities and Exchange Commission on March 2, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 5. Other Information

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	Stevanato Group S.p.A.	
Date: May 4, 2023	By:	/s/ Franco Moro
	Name:	Franco Moro
	Title:	Chief Executive Officer