



I.L.P.R.A. GROUP

Consolidated Financial Statements as at 31 December 2023

Financial statements prepared in accordance with Italian accounting standards



ILPRA S.p.A.

Innovative SME from 6.7.2018

Milano – Galleria Buenos Aires 13

Share Capital Euro 2.407.720 = i.v.

Tax Code, VAT Number and Registration in the Milan Business Register n° 01054200157

Economic and Administrative Directory of Milan n° 466339

www.ilpra.com

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CORPORATE BODIES

BOARD OF DIRECTORS¹

President e
CEO

Maurizio Bertocco

Directors

Gianluca Apicella (Managing Director)

Paolo Arata (Managing Director)

Stefano Bertocco (Director)

Carlo Alberto Carnevale Maffè (Independent Director)

Liborio Livio Portera (Managing Director)

Vittorio Vecchio (Managing Director)

Klaus Mattia Vignati (Managing Director)

Andrea Zini (Managing Director)

BOARD OF STATUTORY AUDITORS²

President

Alessandro Maruffi

Statutory Auditors

Enzo Massignan

Antonio Pera

Alternate Auditors

Gianluca Arcidiacono

Andrea Panzarasa

INDEPENDENT AUDITORS³

BDO Italia S.p.A.

¹ The Board of Directors of Ilpra SpA, appointed on 30 April 2021, will remain in office for three financial years, until the Shareholders' Meeting that will be called to approve Financial Statements for the year ended 31 December 2023. With the Shareholders' Meeting of 28 April 2023, the number of directors was increased from 7 to 9, with the appointment of directors Stefano Bertocco and Klaus Mattia Vignati; the expiry of the mandate of the new directors also remains unchanged, upon approval of the financial statements for the year ended 31 December 2023.

² The Company's Board of Statutory Auditors, appointed on 30 April 2021, will remain in office for three financial years, until the Shareholders' Meeting called to approve Financial Statements for the year ended 31 December 2023.

³ Appointment conferred on 30 April 2021 by the Company's Ordinary Shareholders' Meeting. The appointment was made for the statutory audit of financial statements and consolidated financial statements for the years 2021, 2022 and 2023, pursuant to art. 13 of Legislative Decree 39/2010 and for the limited revision of the consolidated half-year report relating to each of the interim periods ending until 30 June 2023.

1. DIRECTORS' REPORT

Dear Shareholders,

We present the consolidated financial statements of your Group for the year ended 31.12.2023, prepared in accordance with Italian GAAP (OIC) with the application of IFRS 16 relating to the so-called "financial method" for leasing, and accompanied by this report, by which we wish to illustrate the Company's performance, both for the year ended and for the Group's expected perspectives.

The year ended with a positive result of 6,439,841 Euros, of which 4,960,530 Euros were attributable to the Group (and the rest to third parties), after depreciation and amortization of 4,059,264 Euros and provisions for income taxes of 1,853,646 Euros.

This report, prepared in thousands of Euros, is presented in support of Consolidated Financial Statements in order to provide economic, financial and management information of the Group accompanied, where possible, by historical elements and practical assessments.

Your Group is active in the production and sale of machinery for packaging of food, cosmetic and medical products; it is one of the main players in the packaging sector thanks to its wide range of machines (heat-sealers, fillers, thermoformers, doypacks, dosing machines, weighers, packaging machines for beauty and end-of-line) and cutting-edge technological solutions. It is an innovative SME, and it stands out for its continuous investments in R&D (on average 5.0 million Euros in the last 3 years) which have allowed it to develop innovative technologies and packaging techniques internally that can promptly meet customer needs. The Group, with 324 employees, an extensive network of salespeople and a presence in 7 countries (Italy, UK, Hong Kong, United Arab Emirates, Saudi Arabia, Russia and India), achieves about 61% of its turnover abroad.

The international economic context

Preliminary UCIMA data for 2023 show the situation below.

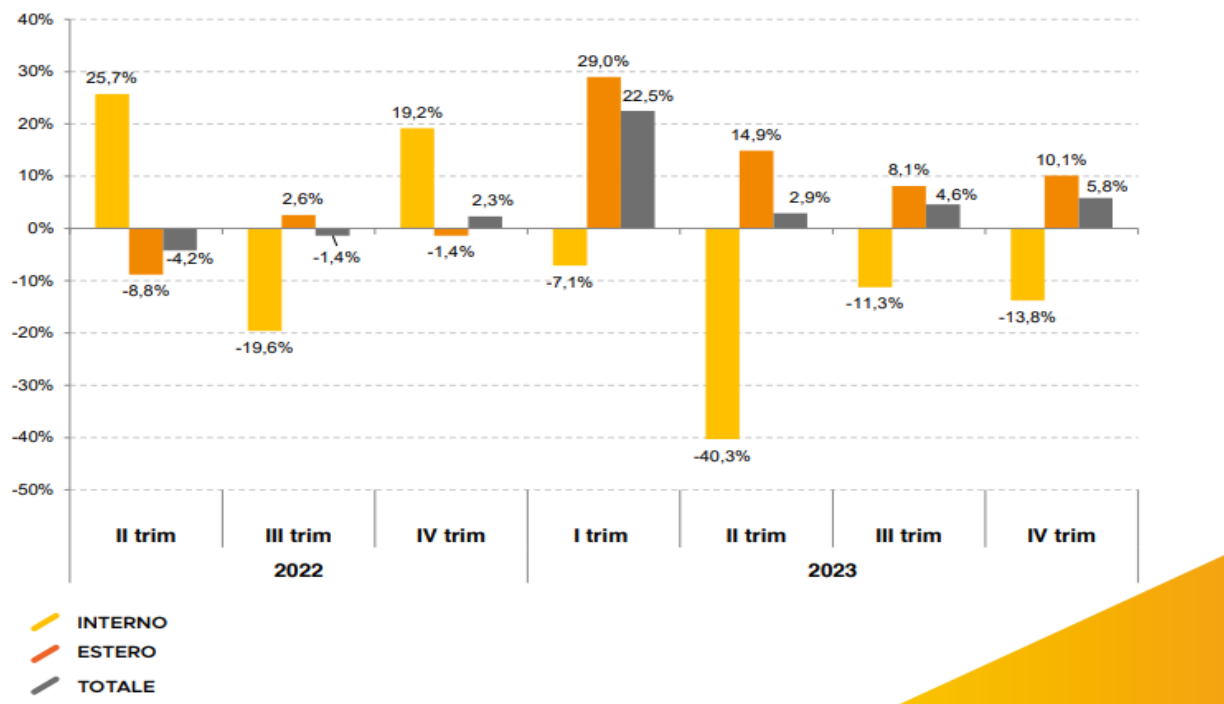
Foreign turnover of Italian machinery manufacturers in the packaging sector, of which your Group is a part, had a growth of +15.4% during 2023 compared to the previous year, while the domestic market recorded a decrease of -13.8%, which generates a total growth in sales compared to the previous year of 9.2%.

2023 figures were negatively affected by the contraction of the market, especially the domestic market (-40.3% in Q2 and -13.8% in Q4 2023,) with the main cause being the reduction in Industry 4.0 tax incentives, which had partially drugged the results of previous years, and uncertainty about government decisions regarding planning of new incentives in future years.

Foreign markets, despite uncertainties caused by Russian-Ukrainian and Middle Eastern conflicts, have always maintained double-digit growth during the year, except for the third quarter, which is still growing, but "only" by +8.1%.

Percentages of growth in turnover of your Group, during the year under review, compared to the previous year are as follows: 27.4%, of which 26.0% abroad and 29.6% in Italy, well above what was achieved by the reference market.

Grafico 1 - FATTURATO A PREZZI CORRENTI



As far as orders intake is concerned, during the whole of 2023 compared to 2022, there is a reduction of -3.4%, but expectations for 2024 are positive and months of assured production tend to grow, as can be seen from "Chart 2" and "Graph 3". It went from 7.6 months in 2022 to 8.2 months in 2023.

Grafico 2 - MESI DI PRODUZIONE ASSICURATA

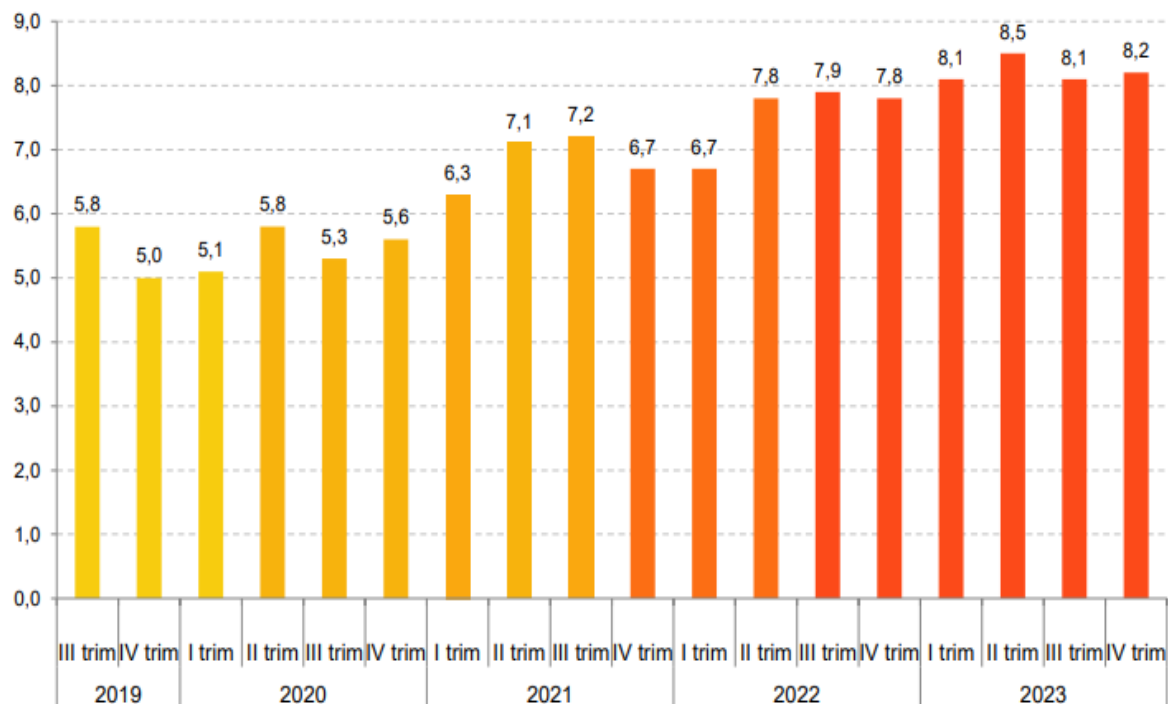
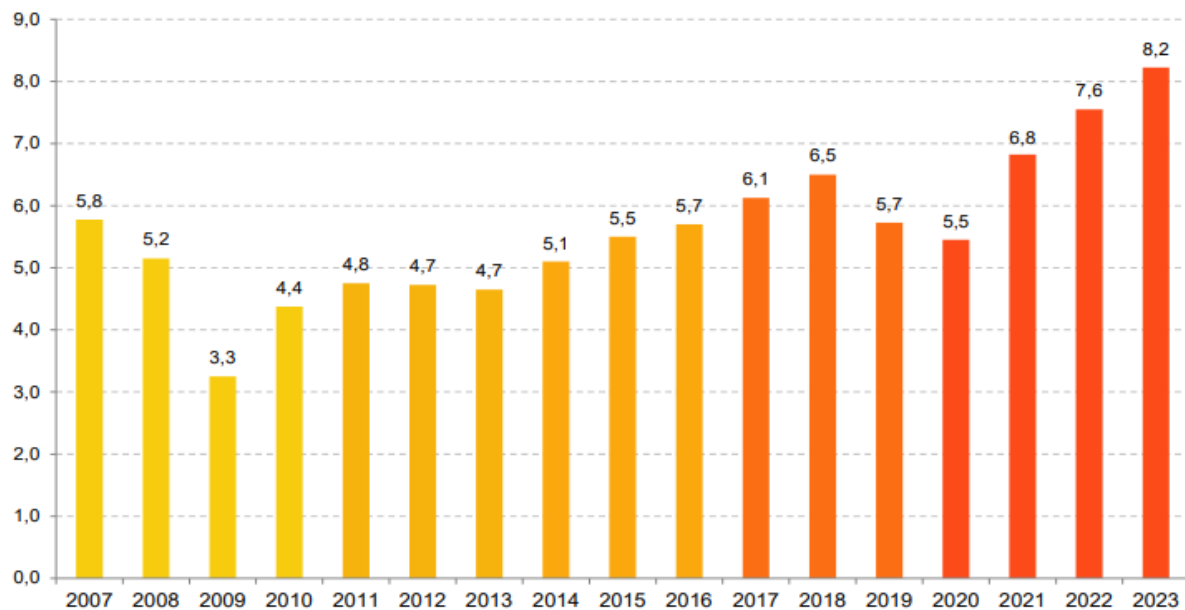


Grafico 3 - MESI DI PRODUZIONE ASSICURATA - media annua



Consolidated companies of the Group did not exercise the right to suspend annual depreciation of tangible and intangible assets.

Information on the conflict between Russia and Ukraine and the situation in the Middle East

With reference to the conflict between Russia and Ukraine and the Middle East crisis, reference should be made to "Risks associated with the Group's international presence" section of this report.

Significant events occurred in 2023

Float increase

On 13 February 2023, majority shareholder HOLDS S.r.l., a company owned by Bertocco family, sold 855,600 shares (equal to 7.11% of the share capital) to major Italian and foreign institutional investors in an off-market block transaction. As a result of this transaction, the Company's free float has increased from 22.51% to the current 29.49%.

Acquisition of 68% of IDM Automation S.r.l.

On 18 May 2023, a 68% stake in the share capital of IDM Automation S.r.l., a company Vigevano based (PV), which designs and manufactures automatic filling, assembly and packaging machines, systems and lines for cosmetic, *pharma* and *food* markets, was acquired. Founded in 2009, it is able to provide the most advanced technological solutions suitable to meet the needs of users, through the development and production of functional systems that take into account both productivity and quality of the final product, combined with ease of use by operators. In 2021, this company participated in the establishment of Quantix Digital, opening up to digital printing on round formats. The company stands out for its responsible choices that contribute to the constant commitment to an increasingly green and renewable 4.0 industry: an example of this is the choice to use a material such as glass, which is high-performing and recyclable, for the panels of machinery or the range of *full electric* machines, which are increasingly in demand because they do not contemplate the danger of contamination by oil or air, in the environment and in products, as could be the case with widespread methods such as pneumatic and hydraulic.

The transaction involved the purchase, in its entirety from Mr. Domenico Cicchetti and Mr. Gianpietro Migliorini and for a 19% stake from Mr. Marco Cicchetti, of a total shareholding equal to 68% of the

share capital for a consideration of Euro 1.52 million, which was paid in cash through the use of available financial resources.

Transactional arrangements provide for customary terms and conditions for such transactions, including specific indemnification obligations typical of such transactions and associated guarantees.

The new Board of Directors of IDM Automation, which has been appointed for the next three financial years, expiring on the date of approval of financial statements as at 31 December 2025, is composed of five members: Ivan Riboni (Chairman), Maurizio Bertocco (Deputy Chairman), Matteo Massara and two directors appointed by ILPRA S.p.A.

Activation of the buy-back plan

On 18 May 2023, the share buyback plan was launched, as approved by the Shareholders' Meeting on 28 April 2023, proceeding with the purchase of treasury shares on the market (as specified below).

Acquisition of 70% of Pentavac S.r.l.

On 8 June 2023, the purchase of 70% of the share capital of Pentavac S.r.l. was completed, a transaction communicated on 4 May 2023. The consideration for the transaction is equal to Euro 5.6 million paid in cash. Pentavac has been active in the production and sale of automatic vertical packaging lines (since 1997). Its production consists of a complete range of automatic vertical packaging machines ("vffs") as well as related dosing, weighing, counting and transport systems for the product. Pentavac packaging machines produce pouches of multiple shapes and sizes based on machine model and various accessories available.

Shareholders' meeting of Pentavac S.r.l., held on 8 June 2023, took note of the resignation of its board of directors and appointed the new members of its management body, entrusting the position of Chairman to Mr. Maurizio Bertocco and confirming both selling shareholders of Pentavac S.r.l. as managing directors (they maintained a total 30% stake).

Acquisition of the remaining 49% of Eltec S.r.l.

The transaction, completed on 19 July 2023, saw the purchase of the remaining 49% of share capital from historical shareholders, Ms. Elena Bossi, holder of a 24.01% stake and Mr. Luigi Bossi, owner of a 24.99% stake. Total value of the transaction was Euro 80,000, paid in cash.

Eltec, founded in 2015 with headquarters in Gambolò (PV), is active in the field of automated end-of-line systems.

Opening of ILPRA ARABIA branch

On December 13, 2023, ILPRA MIDDLE EAST LLC, opened a commercial branch in Jeddah, Saudi Arabia, called ILPRA ARABIA (الإبرا العربية), 100% owned by ILPRA MIDDLE EAST LLC.

This opening confirms Group's expansive policy abroad and tendency to preside over Middle East markets, strengthening its commercial presence and on-site assistance.

Significant events after the end of the financial year

Opening of a branch in ILPRA KOREA

On January 8, 2024, ILPRA S.p.A. opened a commercial branch in Daejeon, South Korea, called LLC ILPRA KOREA (유한회사 일프라코리아); such branch is 60% owned by ILPRA S.p.A. and the remaining 40% by group managers.

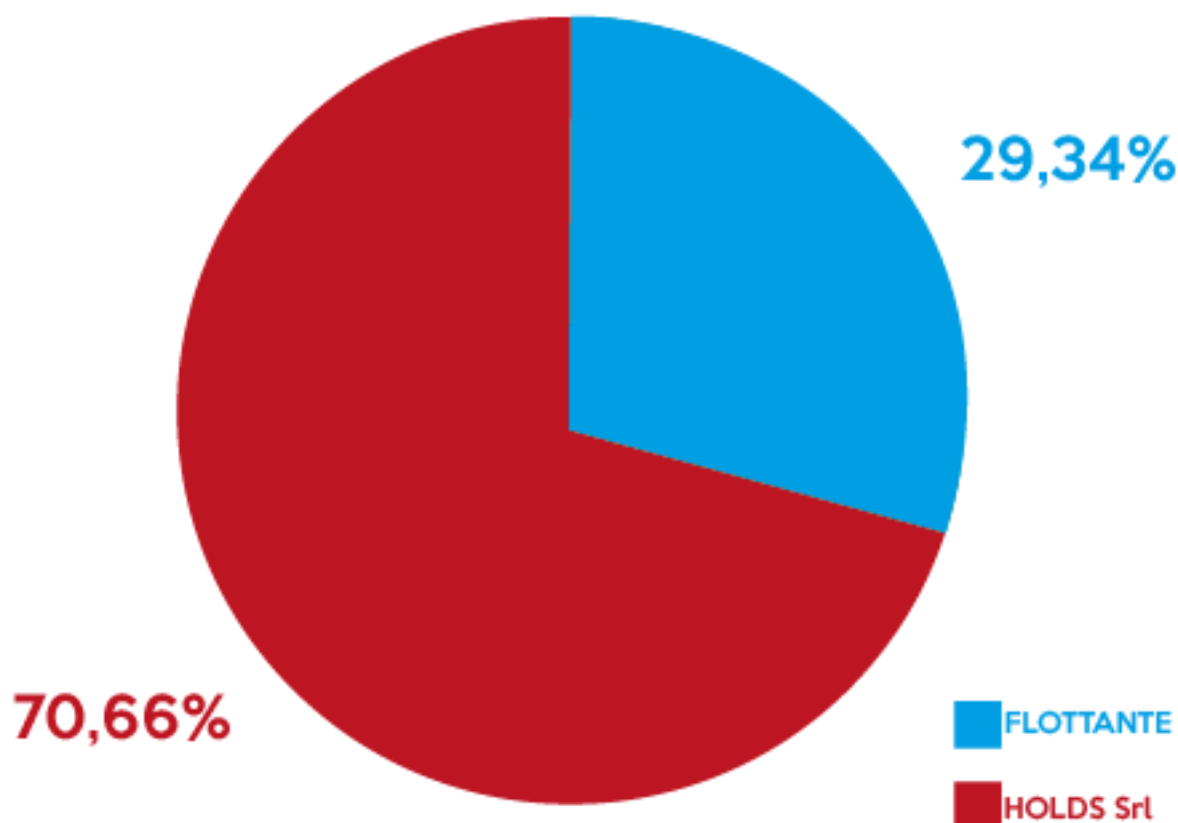
The further strengthening of Group's presence on foreign markets is part of a policy to strengthen the Group in geographical areas which are considered strategic and with high growth potential, as well as a strengthening of its sales network aimed at increasing commercial activities and, consequently, market shares.

The subsidiary will bring ILPRA closer to customers in the area, providing technical support in the most significant projects and allowing it to react quickly to specific market demands.

Shareholder structure Corporate evolution during 2023

The table below shows the composition of the shareholding structure as of December 31, 2023.

It should be noted that, as of December 31, 2023, Bertocco family directly and indirectly, through the company HOLDS S.r.l., holds a total stake of 70.66% of Company's share capital; therefore, also as a result of the above, free float is equal to 29.34%.



Direction and coordination activities

Pursuant to paragraph 5 of art. 2497-bis of the Italian Civil Code, it is hereby certified that the Parent Company is not subject to management and coordination activities of others.

INCOME STATEMENT

In order to better understand Group's operating results, a reclassification table of Income Statement is provided below.

Result for the year shows a 27% increase in sales revenues compared to the previous year, a 14% increase in EBITDA and a 4% increase in EBIT.

A special mention should be made of the change in inventories of finished and semi-finished products, which decreased by 34%; such decrease takes into account the contribution of the acquisitions of IDM Automation S.r.l. and Pentavac S.r.l., which respectively bring in a *stock* of Euro 1,647,600 and Euro 1,489,150.

Increases in costs of services and personnel are the natural consequence of structuring the Group and related companies belonging to it, in such a way as to be able to face the challenges of the near future with more peace of mind.

CONSOLIDATED INCOME STATEMENT (Data in Euro/000)	31.12.2023	31.12.2022 Adjusted*	Delta	Delta %
Sales Revenue	62.038	48.704	13.334	27%
Changes in finished products and work in progress	3.626	5.490	(1.864)	-34%
Increase in work in progress for internal works	2.161	1.210	951	79%
Other revenues and income	1.603	1.432	171	12%
PRODUCTION VALUE	69.428	56.836	12.592	22%
Raw materials and semi-finished products	(28.187)	(23.137)	5.050	22%
Services	(10.707)	(8.914)	1.793	20%
Use of Leasehold Assets	(986)	(837)	149	18%
Staff	(14.762)	(12.667)	2.095	17%
Change in raw materials	(167)	1.290	(1.457)	113%
Miscellaneous operating costs	(697)	(354)	343	97%
PRODUCTION COSTS	(55.506)	(44.619)	10.887	24%
EBITDA	13.922	12.217	1.705	14%
<i>EBITDA Margin (%)</i>	<i>22,44%</i>	<i>25,08%</i>		<i>-3%</i>
Depreciation	(4.059)	(3.092)	967	31%
Provisions for risks	(200)	(40)	160	400%
Downs	(381)	(187)	194	104%
EBIT	9.282	8.898	384	4%
<i>EBIT Margin (%)</i>	<i>14,96%</i>	<i>18,27%</i>		<i>-3%</i>
Financial Management Balance	(934)	(571)	363	64%
Financial income	157	15	142	947%
Financial charges	(1.164)	(313)	851	272%
Gains/(Losses) on FX	27	(233)	260	-112%
Adjustments to financial assets	46	(40)	86	-215%
PRE-TAX RESULTS	8.348	8.327	21	0%
Taxes	(1.854)	(1.834)	20	1%
NET RESULT	6.494	6.493	1	0%
- of which Group	4.961	5.224	(263)	-5%
- of which from Third Parties	1.533	1.269	264	21%
<i>Net Profit Margin (%)</i>	<i>10,47%</i>	<i>13,33%</i>		<i>-2,86%</i>

*The values for the period 31/12/2022 have been adjusted to the Financial Method, as for the financial year 31/12/2023, in order to be able to better interpret and compare them.

Pro-Forma 2023 Income Statement for Acquisitions

The following is a pro-forma ILPRA SpA Group consolidated income statement, considering full year for both IDM Automation S.r.l. and Pentavac S.r.l.

It should be noted that the above-mentioned "proforma" exercise has not been audited.

In order to carry out the "pro-forma" exercise, full financial statements of the two acquisitions were uploaded, intra-group costs and revenues were net from respective dates of acquisition and any previous intra-group items were not considered (as they were deemed to be not significant).

We remind you that IDM Automation S.r.l. was consolidated as of May 1, 2023, while Pentavac S.r.l. was included in ILPRA Group financial statements as of June 1, 2023.

EC (data in €)	2023 Pro-Forma	2023	DELTA
2010 A. VALUE OF PRODUCTION			
2020 1) Revenue from sales and services	66.100.728	62.038.445	4.062.283
2030 2) Changes in inventories of work-in-progress, semi-finished and finished products	4.351.723	3.625.441	726.282
2060 5) Other revenues and income, with separate indication of operating grants	1.663.477	1.603.210	60.267
2070 TOTAL A	74.277.412	69.428.578	4.848.833
2080 B. PRODUCTION COSTS			
2090 6) For raw materials, ancillary materials, consumables and goods	-31.412.170	-28.186.919	-3.225.251
2100 7) For services	-11.440.195	-10.707.030	-733.165
2110 8) For the enjoyment of third-party property	-994.884	-986.483	-8.401
2120 9) For Staff			
2130 (a) Wages and salaries	-11.290.216	-10.875.969	-414.246
2140 b) Social security contributions	-3.060.929	-2.955.250	-105.679
2150 c) severance pay	-706.842	-679.802	-27.040
2170 (c) Other costs	-261.458	-248.584	-12.875
2190 10) Depreciation, amortisation and write-downs			
2200 a) Depreciation of intangible assets	-2.186.055	-2.170.406	-15.649
2210 b) Depreciation of property, plant and equipment	-1.917.572	-1.888.858	-28.715
2230 d) Write-down of receivables included in current assets and cash and cash equivalents	-390.949	-380.664	-10.285
2250 11) Changes in inventories of raw materials, ancillary materials, consumables and merchandise	33.151	-167.167	200.317
2280 14) Miscellaneous operating costs	-722.757	-697.014	-25.743
2290 TOTAL B	-64.553.169	-60.146.438	-4.406.731
2300 Difference between value and cost of production (A-B)	9.724.243	9.282.141	442.102
2310 C. FINANCIAL INCOME AND EXPENSES			
2370 d) income other than the above, with separate indication of income from subsidiaries and associates and income from parent companies	156.892	156.463	429
2390 17) Interest and other financial charges with separate indication of those due to subsidiaries and associates and to parent companies	-1.180.349	-1.164.394	-15.955
2400 17a) Foreign exchange gains	26.500	27.408	-908
2410 Total (15+16-17)	-996.598	-980.164	-16.434
2420 D. IMPAIRMENT OF FINANCIAL ASSETS			
2430 18) Revaluations			
2530 Total corrections (18-19)	45.510	45.510	0
2540 E. EXTRAORDINARY INCOME AND EXPENSES			
2600 Total extraordinary items (20-21)			
2610 Profit before tax (A-B+-C+-D+-E)	8.773.155	8.347.487	425.668
2620 22) Current, deferred and prepaid income taxes for the year			
2660 Total income taxes for the year, current, deferred and prepaid	-1.960.161	-1.853.646	-106.515
2670 26) Profit (loss) for the year	6.812.994	6.493.841	319.153

STATEMENT OF FINANCIAL POSITION

In order to better understand the Group's financial position, a reclassification of the Balance Sheet is provided below.

CONSOLIDATED BALANCE SHEET (Data in Euro/000)	31.12.2023	31.12.2022 Adjusted*	Delta	Delta %
Inventories	25.591	19.940	5.651	28%
Receivables vs Customers	17.118	16.225	893	6%
Payables vs Suppliers	(9.113)	(8.751)	362	4%
Advances	(5.392)	(7.652)	(2.260)	-30%
TRADE WORKING CAPITAL	28.204	19.762	8.442	43%
Other receivables and non-fixed assets	8.764	7.308	1.456	20%
Other payables	(4.711)	(4.785)	(74)	-2%
Accrued income and deferred income	928	421	507	120%
Accrued expenses and deferred income	(3.731)	(5.816)	(2.085)	-36%
NET WORKING CAPITAL	29.454	16.890	12.564	74%
Intangible assets	10.678	4.434	6.244	141%
Property, plant and equipment	14.535	11.077	3.458	31%
Financial fixed assets	651	533	118	22%
NET FIXED ASSETS	25.864	16.044	9.820	61%
GROSS INVESTED CAPITAL	55.318	32.934	22.384	68%
TFR	(3.707)	(3.207)	500	16%
Provisions for Risks and Charges	(1.191)	(549)	642	117%
NET INVESTED CAPITAL	50.420	29.178	21.242	73%
S.t. banks	13.358	7.860	5.498	70%
Debts v. banks and other finance. M/L Term	16.920	9.024	7.896	88%
Payables to other lenders at s.t.	464	464	-	0%
Total financial payables	30.742	17.348	13.394	77%
Cash equivalents	(14.678)	(17.316)	(2.638)	-15%
Securities held for trading	(558)	(342)	216	63%
NET FINANCIAL POSITION	15.506	(310)	15.816	-5102%
Share capital	2.408	2.408	-	0%
Reserves	26.012	20.587	5.425	26%
Profit for the year	6.494	6.493	1	0%
EQUITY	34.914	29.488	5.426	18%
Group Shareholders' Equity	29.019	25.594	3.425	13%
Minority Interests	5.895	3.894	2.001	51%
TOTAL SOURCES	50.420	29.178	21.242	73%

*The figures for the period 31/12/2022 have been adjusted to the Financial Method, as for the financial year 31/12/2023, in order to be able to better interpret and compare the data.

Consolidated Net Financial Debt as at 31 December 2023 is provided below:

<i>Net financial debt</i> <i>(Data in Euro/000)</i>	<i>31.12.2023</i>	<i>31.12.2022</i> <i>Adjusted*</i>	<i>Variations</i>	<i>Variations</i> <i>%</i>
A. Cash and cash equivalents	14.678	17.316	(2.638)	-15%
B. cash equivalents	-	-	-	
C. Other current financial assets	558	342	216	63%
D. Liquidity (A) + (B) + (C)	15.236	17.658	(2.422)	-14%
E. Current financial debt	13.358	7.860	5.498	70%
F. Current portion of non-current debt	464	464	-	0%
G. Current financial debt (E)+(F)	13.822	8.324	5.498	66%
H. Net current financial debt (G) - (D)	(1.414)	(9.334)	7.920	-85%
I. Non-current financial debt	16.893	8.797	8.096	92%
J. Debt instruments			-	
K. Trade payables and other non-current payables	27	227	(200)	-88%
L. Non-current financial debt (I) + (J) + (K)	16.920	9.024	7.896	88%
M. Net financial debt (H) + (L)	15.506	(310)	15.816	-5102%

*The figures for the period 31/12/2022 have been adjusted to the Financial Method, as for the financial year 31/12/2023, in order to be able to better interpret and compare the data.

Net Financial Debt was *cash negative* for Euro 15.5 million, worse than the cash positive one of Euro 0.3 million at December 31, 2022.

The negative change is mainly due to M&A investments of Euro 1.6 million in IDM Automation S.r.l. and Euro 6.1 million in Pentavac S.r.l., restructuring works by Ilpra System UK for Euro 0.4 million, as well as investments for the purchase of raw materials and semi-finished products that generated an increase in inventory as of December 31, 2023 of approximately Euro 5.5 million.

The impact of the application of the "financial" method on Net Financial Debt as of December 31, 2023 is Euro 4.0 million, of which Euro 1.0 million current and Euro 3.0 million in the medium/long term.

For further details, please refer to the tables on page 24.

Key ratios of the financial position

On the basis of the previous reclassification, the following balance sheet ratios are calculated:

Profitability Indices		2023	2022 <i>Adjusted*</i>	Delta
ROI	Return on Invested Capital	9,93%	11,47%	-1,54%
ROS	Profitability of sales	14,96%	18,27%	-3,31%
ROE	Return on Equity	18,60%	22,02%	-3,42%

Solvency Ratio (or Liquidity)	2023	2022 <i>Adjusted*</i>	<i>Delta</i>
Current Ratio	2,05%	2,08%	-0,03%
Secondary Liquidity Ratio (Treasury Margin)	1,27%	1,40%	-0,13%

*The values for the period 31/12/2022 have been adjusted to the Financial Method, as for the financial year 31/12/2023, in order to be able to better interpret the data.

In 2023, the Return on Invested Capital is 9.93%, a decrease of about 1.5% compared to the previous year. This is due to a much more than proportional increase in total assets (from Euro 77.6 million in 2022 to Euro 93.5 million this year) compared to the increase in EBIT (from Euro 8.9 million last year to Euro 9.3 million in 2023). Various factors contributed to the increase in total assets, including: more than Euro 5.3 million of higher consolidation reserve, tangible fixed assets greater than almost Euro 3.5 million, inventories increased by Euro 5.65 million and higher tax receivables of Euro 1 million.

Profitability on sales was 14.96% in 2023 versus 18.27% in 2022. This decrease was caused by an incomplete translation of the inflationary dynamics recorded on costs of raw materials and services to prices of finished products charged to customers (with a view to maintain the competitiveness of Company's products).

The Return on Equity continues to stand at a respectable percentage (at 18.60%), albeit down compared to 2022 (it was around 22%). The related cause is to be found in the allocation of 2022 profit, which increased the extraordinary reserve by more than 3 million Euros, and, therefore, weighed an increase in the denominator (shareholders' equity) which compares with a net profit (in the numerator of the ratio) absolutely in line with that of 2022 (and around 6.5 million Euros).

Current Ratio remains excellent and in line with last year, with current assets more than double current liabilities.

Cash Ratio is also appreciable, with deferred and immediate liquidity abundantly covering current liabilities (at 1.27x), although slightly worse than last year (it was 1.40x). Both ratios lead to a positive assessment of the Company's liquidity situation.

Days of inventory are equal to about 150 days, and therefore in line with the figure recorded last year.

Key non-financial ratios

Pursuant to the second paragraph of Article 2428 of the Italian Civil Code, it is hereby certified that, for the specific activity carried out and for a better understanding of the Group situation, performance and result of operations, the presentation of non-financial ratios is not considered relevant.

Environmental Disclosure

Commitment to social and territorial responsibility is now an integral part of the Group's principles and behavior, which are oriented towards technological excellence, maintaining high levels of safety, environmental protection, as well as training, raising awareness and involving staff on social responsibility issues.

Environmental Litigation

The companies belonging to the Group do not currently have any civil or criminal litigation against third parties for damage caused to the environment or environmental crimes.

Personnel Management Information

No significant information regarding personnel management is reported.

The average number of Group employees recorded as of December 31, 2023 was 324, up from 267 at December 31, 2022.

The Group does not currently have any litigation against employees or former employees of any kind.

Safety

The Group operates in all its environments in compliance with the provisions of Legislative Decree 81/08 for the safety of workers.

Activity carried out in this field includes:

- training of employees and collaborators;
- carrying out periodic medical examinations;
- organization and training of intervention teams required by the legislation;
- continuous monitoring of RSPP company;
- preparation and dissemination of the documents of Legislative Decree 81/08.

In particular, the following initiatives were taken during the period:

- updating of procedures on safety and health in the workplace;
- training course for ILPRA employees, faithful to the principle of continuous training, both for the development of role-specific skills and for training on corporate safety;
- regular security meeting;
- Emergency and evacuation tests.

Research and development activities

During the 2023 financial year, the Group, in continuity with what was done in 2022, continued its Research and Development and Technological Innovation activities aimed at significantly improving production techniques and the Company's product range.

More specifically, innovative efforts focused on the following projects:

1. Development activity aimed at obtaining a machine for the packaging of mainly food products on cardboard; continuation of the 2022 project;
2. Development activities aimed at obtaining an innovative thermoforming machine, for the packaging of mainly food products in *skin mode*; continuation of the 2022 project;
3. Development activities aimed at obtaining a heat-sealing machine with innovative container handling, made by means of a double series of chains; continuation of the 2022 project;
4. Development activities aimed at obtaining an accessory for heat-sealing machines for feeding trays; continuation of the 2022 project;
5. Development activity aimed at obtaining an accessory for feeding containers in filling and sealing machines;
6. Development activity aimed at obtaining an accessory for dosing liquid products inside welded containers using heat-sealing machines;
7. Development activities aimed at obtaining an accessory for capping of previously heat-sealed trays;
8. Development activities aimed at the production of a paper tray;
9. Experimentation of a group for affixing of at least one additional element on product packaging;
10. Experimentation of new features of *doypack machines*;
11. Development of an *entry level thermoforming machine* with low production costs; Continuation of the 2022 project.

These projects involved internal and external resources who dedicated themselves during 2023 financial year to implement technical and functional characteristics of products.

For further information on the issues in question, it is suggested to refer to financial statements of the parent company ILPRA S.p.A. and the subsidiaries MACS S.r.l. and Veripack S.r.l.

RISK MANAGEMENT

In carrying out its activities, the Group is exposed to risks and uncertainties, deriving from external factors related to the general or specific macroeconomic context of the operating sectors in which it operates, as well as to risks deriving from strategic choices and internal management risks.

The identification and mitigation of these risks has been systematically carried out, allowing for timely monitoring and control of risks that have arisen.

With reference to risk management, the Group has a centralised management, while leaving the identification, monitoring and mitigation of the same to functional responsibilities, also in order to be able to better measure

the impact of each risk on business continuity, reducing its occurrence and/or containing its impact depending on the determining factor (whether or not the Group can control).

Risk of raw materials and electronic components

Since the beginning of 2022, there has been a sharp increase in the price of raw materials, including steel and aluminium, key raw materials for your Group's business, as well as a shortage on the market, for both of these goods and for electronic components, materials used in the construction of Group's machinery.

Since the second half of 2022, cost of raw materials and components has calmed down; to date, the trend is towards a further reduction in costs. With the Russia-Ukraine war, there have been problems with the supply of both raw materials and components; in this regard, the Group has moved well in advance to purchase large quantities of raw materials and spare parts, such as engines, pumps, electrical parts, etc., guaranteeing supply for the entire past two years.

Credit Risk

Credit risk represents exposure of the company to potential losses arising from non-fulfilment of obligations assumed by a counterparty. The monitoring of trade credit risk positions related to normal course of business is ensured by internal structure that defines methodologies for quantification and control.

In light of concrete solidity of its customers, mainly represented by leading companies in the food sector and by retailers of proven reliability, the Group does not present a high degree of credit risk.

There were no significant insolvencies for the past year.

Liquidity Risk

Liquidity risk is the risk that, due to inability to raise new funds or liquidate assets on the market, the Company is unable to meet its payment commitments, resulting in an impact on the economic result in the event that the company is forced to incur additional costs to meet its commitments or, as a last resort, a situation of insolvency that puts the Company's business at risk.

The Group's objective is to put in place a financial structure that guarantees an adequate level of liquidity, minimizing the related cost and maintaining a balance in terms of duration and composition of debt.

Risks associated with the Group's international presence

The Group's presence on various international markets through product sales in various countries around the world, as well as its development strategy in new areas, exposes the Group to risks connected, among other things, to the geo-political and macroeconomic conditions of the countries in which it operates and to the related possible variations, to changes in regulatory and tax regimes, including the possible provision of customs duties and protectionist rules and/or rules limiting the possibility of investment by non-residents, competition with local operators, consumer preferences, exchange rate fluctuations and currency controls, as well as terrorist attacks, insurrections, military conflicts, political tensions and eco-terrorism.

The Russian-Ukrainian war that has been going on since February 24, 2022 has not only been limited to hitting military facilities in Ukrainian territory, but has also involved civilian population, generating a strong migration of the weakest population, women, children and the elderly to the borders of the European Union and dismay in world institutions.

This serious event has led world diplomacy to apply increasingly heavy economic sanctions against Russia, which has blocked import of some goods from states it considers "enemies", including Italy.

These sanctions do not affect goods produced by Group companies, which, despite some logistical difficulties, continue to trade regularly with countries of the Russian Union.

The Parent Company holds a 70% stake in OOO ILPRA RUS, a commercial company based in Moscow, which is included in the consolidated consolidated income in a limited manner, with a turnover of approximately Euro 2.9 million (4.8% of consolidated revenue) and a profit of approximately Euro 60 thousand (1.0% of consolidated profit).

OOO ILPRA RUS continues to operate regularly on the domestic market, without prejudice to the limits generated by international sanctions and constraints imposed by Russian government itself. On the other hand, for neighbouring markets, normally served by the Russian branch, Group's policy is to transfer customer

management directly to Group's Italian companies, in order not to incur sanctions or limitations on operations. In this complex scenario, however, there could be both a risk of non-supply of sales material by the subsidiary (since it could be difficult to ship the machinery for their subsequent resale), and a risk deriving from the escalation of the sanctions against Russia. In view of this, management of the Parent Company will continue to constantly monitor evolution of both economic and political situation in order to take all necessary measures to safeguard and protect value for its shareholders. So far, there have been no problems with money transfers from Russia to Italy.

Currency risks

The Parent Company prepares its financial data in Euros, however, five Group companies are foreign and have to interface with markets whose currency differs from the Euro; therefore, fluctuations in exchange rates against the Euro could have negative effects on Group's results of operations, balance sheet and financial position.

Interest rate risks

During the year under review in this document, Group companies and the Parent Company made access to credit in order to manage current operations.

Rates have almost always been traded on a floating basis and it was not considered appropriate to carry out interest rate hedging operations as the spread was already at high levels compared to previous years. Any increase in interest rates could make the Group's loans (existing and future) more expensive, with possible negative effects on the Group's income statement, balance sheet and financial position.

Environmental Risks

Group companies and the Parent Company are located in areas not subject to environmental risks such as floods, earthquakes and landslides.

Climate changes occurred in recent years, which have generated torrential rains, sudden water bombs and whirlwinds, especially in the summer, do not create foreseeable problems for business continuity.

The companies are all insured against damages; facilities in which the production activities are carried out are safe and in accordance with law. To date, there has never been significant damage resulting from sudden and intense climatic events.

We therefore feel comfortable in stating that in addition to providing for business continuity, we do not evaluate particular problems that could cause damage to machinery and reduction in value of inventories, for which precautions are provided (such as storage inside warehouses in elevated positions not in direct contact with the ground) to safeguard assets even in particularly problematic cases.

Transactions with subsidiaries, associates, parent companies, companies under the control of the parent company and transactions with related parties

Related party	Correlation	Activity
HOLDS S.R.L.	Shareholder at 70.53% of the Issuer	It operates as a Financial Holding Company, 50% owned by Maurizio Bertocco, Chairman of the Board of Directors, and 50% by Cristina Maldifassi, Board Member.
Maurizio BERTOCCO	0.12% shareholder of the Issuer and 50% shareholder of Holds S.r.l.	Chief Executive Officer and Chairman of the issuer, 50% shareholder of Holds S.r.l., Chairman of the Board of Directors of Ilpra S.r.l and Chairman of the Board of Directors of Ilpra Group S.r.l..
Cristina MALDIFASSI	50% shareholder of Holds S.r.l.	As a lawyer, he provides professional services to Group companies. The issuer makes an annual flat rate charge for the use of facilities and stationery. 50% shareholder of Holds S.r.l. and member of the board of directors.
Stafano BERTOCCO	25.50% shareholder of Ilpra Group S.r.l. and 20.00% shareholder of Ilpra Real Estate S.a.s	Member of the Board of Directors of Ilpra Group S.r.l.
ILPRA GROUP S.R.L.	The stake is held at 49% by M. Bertocco (24.5%) and C. Maldifassi (24.5%). The remaining 51% is held by Mr. Bertocco's children, Mr. Stefano and Mr. Martina Bertocco, both directors. M. Bertocco is also a director.	It carries out real estate and equity activities. Ilpra Group Srl rents two warehouses to Ilpra Spa, namely: Via Mattei 25 Mortara and Via Mattei 27/29 in Mortara. It carries out maintenance works on civil and industrial buildings, in which the activity of Ilpra Spa is carried out
ILPRA REAL ESTATE S.A.S.	The shareholding is 60% held by M. Bertocco (30%) and C. Maldifassi (30%). The remaining 40% is held by Mr. Bertocco's children, Stefano and Martina Bertocco. M. Bertocco is also a general partner and representative of the company.	It carries out real estate activities. Ilpra Real Estate Sas rents two warehouses to Ilpra Spa, namely: Via R. Sanzio 136 and Via Parona Cassolo 728 in Mortara.
QUANTIX Digital S.R.L.	34% connected by IDM Automation S.r.l.	It carries out the design and sale of digital printing machinery. Quantix commissions IDM Automation S.r.l. to build and maintain the machinery in question, as well as a management fee contract for the rental of set up offices. The Chairman of the Board of Directors of IDM Automation is also a member of the Board of Directors of the associate Quantix Digital S.r.l.
UNIMEC S.R.L.	100% controlled by Ilpra Group S.r.l.	It carries out trade activities of new and used packaging machinery as well as agency and representation activities. Unimec Srl buys new and used packaging machinery from ILPRA Spa that it collects from its customers and does not want to market directly, while Unimec reconditions them and places them on the market.
ILPRA BENELUX B.V.	100% controlled by Ilpra Group S.r.l.	It trades packaging machinery in Benelux. (Benelux Branch). ILPRA Benelux BV purchases new and used packaging machinery from ILPRA AG and places them on the local market.
ILPRA DEUTSCHLAND GMBH	100% owned by Ilpra Benelux B.V.:	It trades in packaging machinery in Germany. (German Branch). ILPRA Deutschland GmbH purchases new and used packaging machinery from ILPRA AG and places them on the local market.
DE VITA S.R.L.	S.p.A. 30% owned by Ilpra Group S.r.l.	It carries out design and construction of electrical and air conditioning systems. He follows all the constructions, maintenance and implementation of the electrical systems in the warehouses where ILPRA Spa carries out its activities.
ILPRA SYSTEM ESPANA S.L.	Company associated with Ilpra S.p.a., as it has a 23.33% stake and is connected to Ilpra Group S.r.l. at 76.67%	It trades in packaging machinery in Spain. ILPRA España buys new and used packaging machinery from ILPRA Spa and places them on the local market.

DETAILS OF TRANSACTIONS WITH RELATED ENTITIES			
	31/12/2023	31/12/2022	delta
<i>DESCRIPTION</i>			
RECEIVABLES OF THE COMPANY FROM:			
UNIMEC SRL	455.209	463.835	- 8.626
ILPRA REAL ESTATE	1.629	-	1.629
ILPRA BENELUX BV	1.273.925	1.116.742	157.183
ILPRA SYSTEM ESPANA SL	3.677.174	3.746.930	- 69.756
	<u>5.407.937</u>	<u>5.327.507</u>	<u>80.430</u>
DEBTS OF THE COMPANY TOWARDS:			
BERTOCCO MAURIZIO	97.220	100.840	- 3.620
BERTOCCO STEFANO	1.645		1.645
UNIMEC	9.450	47.557	- 38.107
ILPRA GROUP SRL	3.328	20.386	- 17.058
ILPRA SYSTEM ESPANA SL	-	39.988	- 39.988
DE VITA SRL	13.143	29.427	- 16.284
	<u>124.786</u>	<u>238.198</u>	<u>- 113.412</u>
REVENUE ACCRUED FROM:			
DE VITA SRL	150	573	- 423
MALDIFASSI CRISTINA	1.200	1.200	-
ILPRA GROUP SRL	153	-	153
ILPRA REAL ESTATE SAS	16.107	14.505	1.602
UNIMEC SRL	455.922	445.232	10.690
ILPRA BENELUX BV	384.182	781.557	- 397.375
ILPRA SYSTEM ESPANA SL	882.541	658.477	224.064
	<u>1.740.255</u>	<u>1.901.544</u>	<u>- 161.289</u>
FEES CHARGED BY:			
DE VITA SRL	30.774	185.266	- 154.492
MALDIFASSI CRISTINA	15.548	14.615	933
BERTOCCO MAURIZIO	352.766	418.084	- 65.318
BERTOCCO STEFANO	15.466	-	15.466
ILPRA GROUP SRL	280.720	294.468	- 13.748
ILPRA REAL ESTATE SAS	152.891	143.725	9.166
UNIMEC SRL	197.192	256.021	- 58.829
ILPRA SYSTEM ESPANA SL	350.027	39.988	310.039
	<u>1.395.384</u>	<u>1.352.167</u>	<u>43.217</u>

Shares

Pursuant to art. 2428 of the Italian Civil Code, it should be noted that, at the end of the period, the Parent Company held 162,000 treasury shares, equal to 1.3457% of share capital. Other companies of the Group did not hold treasury shares at the end of the period.

Information on agreements not shown in the balance sheet

Pursuant to art. 2427 item 22-ter, we would like to point out that there are no agreements not highlighted in the Balance Sheet that have significant risks and benefits and that are necessary to assess Group's balance sheet, financial position and income statement.

Information on assets and loans allocated to a specific business

In relation to the requirements of art. from 2447-bis to 2447-decies of the Italian Civil Code, it should be noted that during the year the Group did not allocate any assets or financing to any activity.

Shares/quotas of the parent company

Pursuant to art. 2435-bis and art. 2428, paragraph 3 nos. 3 and 4 of the Italian Civil Code, it should be noted that the Group, during the year under review, did not own shares or quotas of the parent company.

Information on remuneration due to Directors, Board of Statutory Auditors and Independent Auditors

Below is the information requested

Qualification	31.12.2023	31.12.2022	Delta
Directors	1.887.017	1.838.743	48.274
Statutory Auditors	29.120	29.120	-
Independent Auditors	30.017	24.819	5.198
Total	1.946.154	1.892.682	53.472

Business outlook

For the Group's reference market – made up of companies active in the production of packaging machinery, with a prevalence in the food, cosmetics and biomedical sectors – forecast analysis for packaging machinery for the four-year period 2024 - 2027 drawn up by trade association UCIMA, are encouraging, despite the downward revision of the post-COVID 2021-2022 forecasts (+4.1%). According to MECS forecasts, average annual growth rate of the market will stand at +3.0% until 2027. A potential growth gap of around Euro 2.45 billion remains in the medium term (2027) due to a succession of adverse events at global level, but growth will tend to gradually realign with the long-term trend.

From the latest data of February 2024, there is a reduction in inflation, in Italy, which has fallen to 0.8%, as well as growth in national industrial activity at the expense of European activity, led by Germany, which is recovering from the collapse at the end of 2023, but to a lesser extent than Italy.

According to UCIMA forecasts, global packaging machinery market will be Euro 59.3 billion in 2027, compared to Euro 62.5 billion expected in pre-COVID period. Leading sectors for the sale of packaging machines will be food and cosmetics sectors. On the other hand, the most dynamic types of machines will be those of secondary and end-of-line machines.

Certainly, global instability, the war between Russia and Ukraine and the war in the Middle East to date limited to a well-defined territory, but with the risk of an explosion in neighboring territories, agitate the global economy, despite the fact that markets of the Middle East, to date do not seem to suffer from ongoing instability.

During 2023 and first months of 2024, suffering in supply of spare parts and electronic material is no longer noticeable; there is also a reduction in cost of raw materials.

Mortara, 28 March 2024

For the Board of Directors
The President
Maurizio Bertocco



2. FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

2.1 Balance Sheet

	31.12.2023	31.12.2022
ACTIVE:		
A) RECEIVABLES FROM SHAREHOLDERS for payments still due, with separate indication of the part already called:		
B) FIXED ASSETS:		
I - Intangible assets:		
1) Installation and expansion costs	46.903	238.101
2) Research, development and advertising costs	3.003.577	2.083.326
3) Industrial patent rights and intellectual property rights	29.605	12.059
5) Start-up	409.246	475.265
6) Assets under construction and advances	193.941	150.000
7) Other	670.849	474.918
8) Consolidation Difference	6.323.775	1.000.451
Total intangible assets	10.677.895	4.434.120
II - Property, plant and equipment:		
1) Land and buildings	11.082.580	8.532.539
2) Plant and machinery	1.987.988	1.384.236
3) Industrial and commercial equipment	194.378	218.811
4) Other goods	1.253.474	940.938

5) Assets under construction and advances	16.155	
Total property, plant and equipment	14.534.574	11.076.523
III - Financial fixed assets with a separate indication, for each item of receivables, of the amounts due within the following year:		
1) Investments in:		
(a) Subsidiaries	10.000	10.000
(b) Associated enterprises	472.266	462.066
(da) other undertakings	9.584	9.584
2) Credits:		
(da) other undertakings	149.444	51.611
(3) Other securities	10.000	0
Total financial assets	651.294	533.261
Total fixed assets	25.863.763	16.043.904
(C) CURRENT ASSETS:		
I - Inventories:		
1) Raw materials, ancillary materials and consumables	3.233.149	2.366.627
2) Work-in-progress and semi-finished products	12.402.939	10.318.607
4) Finished products and goods	9.955.372	7.254.508
Total inventories	25.591.461	19.939.742
Fixed assets held for sale	8.938	0
II - Receivables, with a separate indication, for each item, of the amounts due beyond the following financial year:		
1) To customers		
- within 12 months	17.084.520	16.190.051
- more than 12 months	33.363	35.564
Total receivables from customers	17.117.883	16.225.615
3) To associated companies		
- within 12 months	4.054.018	3.746.930
Total receivables from associates	4.054.018	3.746.930
5) To others		
- within 12 months	1.064.990	1.469.580
- more than 12 months	18.675	12.416
Total receivables from others	1.083.664	1.481.996
5 bis) Crediti Tributari		
- within 12 months	2.272.041	1.303.641
- more than 12 months	116.606	55.504
Total Tax receivables	2.388.647	1.359.144
5b) Deferred tax assets		
- within 12 months	514.482	398.385
- more than 12 months	713.769	321.333
Total deferred tax assets	1.228.252	719.718
Total Receivables	25.872.464	23.533.403
III - Financial assets that do not constitute fixed assets:		
6) Other securities	558.129	342.058
Total financial assets that do not constitute fixed assets	558.129	342.058
IV - Cash and cash equivalents:		
1) Bank and postal deposits	14.666.021	17.303.012
2) Cash and cash equivalents	12.066	13.185
Total cash and cash equivalents	14.678.087	17.316.197

Total current assets	66.709.078	61.131.400
D) ACCRUALS AND DEFERRALS, with separate indication		
- Accrued income and deferred income	927.913	421.193
Total accruals and deferrals	927.913	421.193
TOTAL ASSETS	93.500.754	77.596.497
PASSIVE:		
A) SHAREHOLDERS' EQUITY:		
I - Capital	2.407.720	2.407.720
II - Share premium reserve	4.753.914	4.753.914
IV - Legal reserve	481.544	481.544
VI - Other reserves separately indicated		
1) Extraordinary reserve	6.843.450	3.744.197
5) Consolidation Reserve	3.178.095	3.178.095
7) Translation diff. reserve	(41.905)	(96.715)
VIII - Retained earnings (losses)	7.101.479	6.432.387
IX - Profit or loss for the year	4.960.530	5.224.128
X - Negative reserve for treasury shares in portfolio	(665.808)	(530.676)
Total Shareholders' Equity for the Group	29.019.018	25.594.593
Capital and reserves attributable to minority interests	4.360.918	2.624.443
Profit (loss) for the year attributable to minority interests	1.533.311	1.268.938
Total Non-Controlling Interests	5.894.229	3.893.381
Total consolidated shareholders' equity	34.913.247	29.487.975
(B) PROVISIONS FOR RISKS AND CHARGES:		
1) For retirement benefits and similar obligations	433.207	234.552
2) For taxes	557.197	274.081
3) Others	200.217	40.000
Total Provisions for risks and charges	1.190.620	548.633
C) EMPLOYEE SEVERANCE PAY		
3) Payables to shareholders for financing		
- within 12 months	464.377	464.377
Total payables to shareholders for financing	464.377	464.377
4) Payables to banks		
- within 12 months	13.358.477	7.860.137
- more than 12 months	16.893.606	8.796.922
Total payables to banks	30.252.083	16.657.059
6) Down payments		
- within 12 months	5.392.179	7.651.555
Total advances	5.392.179	7.651.555
7) Payables to suppliers		
- within 12 months	9.112.903	8.751.392
Total payables to suppliers	9.112.903	8.751.392
10) Payables to associates		
- within 12 months	0	39.988
Total payables to associates	0	39.988
12) Tax debts		
- within 12 months	1.426.511	1.920.335
- more than 12 months	0	26.617
Total tax payables	1.426.511	1.946.952

13) Payables to social security institutions		
- within 12 months	554.768	461.591
Total payables to social security institutions	554.768	461.591
14) Other payables		
- within 12 months	2.679.467	2.492.551
- more than 12 months	77.513	71.113
Total other payables	2.756.979	2.563.664
Total payables	49.959.800	38.536.578
E) ACCRUALS AND DEFERRALS		
- Accrued expenses and deferred income	3.730.577	5.816.435
Total accruals and deferrals	3.730.577	5.816.435
TOTAL LIABILITIES AND NET	93.500.754	77.596.497

2.2 Income Statement

	31.12.2023	31.12.2022
A. VALUE OF PRODUCTION		
1) Revenue from sales and services	62.038.445	48.703.638
2) Changes in inventories of work-in-progress, semi-finished and finished products	3.625.441	5.489.782
4) Increases in fixed assets for works	2.161.483	1.210.022
5) Other revenues and income	1.603.210	1.431.944
TOTAL A – VALUE OF PRODUCTION	69.428.578	56.835.386
B. PRODUCTION COSTS		
6) For raw materials, ancillary materials, consumables and goods	28.186.919	23.137.460
7) For services	10.707.030	8.913.994
8) For the enjoyment of third-party property	986.483	836.698
9) For staff		
(a) Wages and salaries	10.875.969	9.358.388
(b) social security contributions	2.955.250	2.409.691
(c) severance pay	679.802	786.864
(d) retirement and similar benefits	2.076	2.077
(e) Other costs	248.584	109.838
Total personnel costs	14.761.680	12.666.858
10) Depreciation, amortization and write-downs		
(a) Depreciation of intangible assets	2.170.406	1.454.983
(b) Depreciation of property, plant and equipment	1.888.858	1.637.330
(d) Write-down of receivables included in current assets and cash and cash equivalents	380.664	186.531
Total depreciation, amortization and impairment losses	4.439.928	3.278.844
11) Changes in inventories of raw materials, ancillary materials, consumables and merchandise	167.167	(1.290.632)
13) Other provisions	200.217	40.000
14) Miscellaneous operating costs	697.014	354.123
TOTAL B – PRODUCTION COSTS	60.146.438	47.937.344
Difference Between Value and Cost of Production (A-B)	9.282.141	8.898.042
C. FINANCIAL INCOME AND EXPENSES		
15) Income from equity investments, with separate indication of income from subsidiaries and associates	359	270
16) Other financial income		

d) income other than the above, with separate indication of income from subsidiaries and associates and income from parent companies	156.463	15.112
Total other financial income	156.822	15.382
17) Interest and other financial charges, with separate indication of interest payable to subsidiaries and associates and to parent companies	1.164.394	313.229
(17a) Foreign exchange gains and losses	(27.408)	233.181
Total (15+16-17)	(980.164)	(531.029)
D. IMPAIRMENT OF FINANCIAL ASSETS		
18) Revaluations		
(c) securities recorded in current assets which do not constitute equity investments	45.510	0
19) Write-downs		
(c) securities recorded in current assets which do not constitute equity investments	0	39.532
Total corrections (18-19)	45.510	(39.532)
Profit before tax (A-B+C+-D+-E)	8.347.487	8.327.480
22) Current, deferred and prepaid income taxes for the year		
(a) Current taxes	2.073.667	1.910.378
(b) taxes relating to previous years	(49.254)	
c) deferred and deferred tax assets	(170.766)	(75.141)
Total income taxes for the year, current, deferred and prepaid	1.853.646	1.834.414
26) Profit (loss) for the year	6.439.841	6.493.066
Operating profit for the group	4.960.530	5.224.128
Minority interests for the year	1.533.311	1.268.938

2.3 Detailed tables for the application of the "financial" method for leasing to previous years

The following tables represent the comparison of 2023 annual data processed on the basis of the so-called "financial method" with a "proforma" exercise applied a posteriori on 2022 annual data carried out by Company management.

It should be noted that the above-mentioned "proforma" exercise has not been audited.

Also presented here below are reconciliation schedules between 2023 and 2022 annual data between items represented on the basis of the National Accounting Standards issued by the Italian Accounting Body (and reported in the respective consolidated financial reports) and the corresponding 2023 and 2022 annual data prepared on the basis of the so-called "financial method".

	Financial Method pursuant to IFRS 16	Financial Method pursuant to IFRS 16
	31/12/2023	31/12/2022
Income Statement		
5) Other revenues and income, with separate indication of operating grants	32.351	0
B 8) For the enjoyment of third-party property	986.483	836.698
Passive real estate rentals	597.097	504.614
Passive rents of machinery	37.221	31.202
Real estate leasing	0	-70.434
Machinery and equipment leasing	0	70.434
Vehicle rentals	185.234	159.293
Rentals of machines and equipment	125.399	117.212
Photocopier rentals	4.520	3.538
Software Rentals	13.046	4.513
Miscellaneous Rentals	23.966	16.326
b 10) Depreciation of property, plant and equipment	1.888.858	1.637.330
C) Financial Income and Expenses	980.164	531.029
Bank interest income	-146.255	-11.320
Interest receivables from customers	-1.805	-3.758
Miscellaneous interest income	-1.496	-34
Dividends	-359	-270
Exchange rate difference	-27.408	233.181
Interest income on securities	-6.907	0
Bank Interest Expense	926.351	176.249

Interest on late payments	245	64
Deferred interest on taxes	35.051	45.369
Other financial charges	514	5.088
Interest expense on leases	202.234	86.459
22) Current, deferred and prepaid income taxes for the year	1.853.646	1.834.414
Current taxes	2.073.667	1.910.378
Deferred tax assets	340.521	253.047
Deferred tax assets	-511.288	-329.011
Taxes for previous years	-49.254	0
Balance Sheet		
II - Property, plant and equipment	14.534.574	11.076.523
1) Land and buildings	11.082.580	8.532.539
2) Plant and machinery	1.987.988	1.384.236
3) Industrial and commercial equipment	194.378	218.811
4) Other goods	1.253.474	940.938
5) Assets under construction and advances	16.155	0
(5b) Deferred tax assets	1.228.252	719.718
- within 12 months	514.482	398.385
- more than 12 months	713.769	321.333
4) Payables to banks	30.252.083	16.657.059
- within 12 months	13.358.477	7.860.137
- more than 12 months	16.893.606	8.796.922
7) Payables to suppliers	9.112.903	8.751.392
- within 12 months	9.112.903	8.751.392
D) Accrued income and deferred income	927.913	421.193
Accrued income	94.255	64.478
Deferred income	833.658	356.715
B) Provisions for risks and charges	757.413	548.633
2) For taxes	557.196	274.081
VIII - Retained earnings (losses)	3.047.971	3.055.260

	IFRS 16 - OIC as at 31/12/2023		
	ICO	Adjustments for Financial Method pursuant to IFRS 16	Financial Method pursuant to IFRS 16
Income Statement			
5) Other revenues and income, with separate indication of operating grants	32.270	82	32.351
B 8) For the enjoyment of third-party property	2.320.973	-1.334.490	986.483
Leasing (real estate)	507.141	-507.141	0
Machinery and equipment leasing	761.073	-761.073	0
Leasing (cars)	66.276	-66.276	0
b 10) Depreciation of property, plant and equipment	791.288	1.097.570	1.888.858
C) Financial Income and Expenses	777.943	202.221	980.164
Interest expense on leases	13	202.221	202.234
22) Current, deferred and prepaid income taxes for the year	1.843.961	9.685	1.853.646
Deferred tax assets	23.517	317.005	340.521
Deferred tax assets	-203.968	-307.320	-511.288
Balance Sheet			
II - Property, plant and equipment	10.122.141	4.396.279	14.518.420
1) Land and buildings	8.479.243	2.603.337	11.082.580
2) Plant and machinery	327.697	1.660.291	1.987.988
4) Other goods	1.120.823	132.651	1.253.474
(5b) Deferred tax assets	732.165	496.087	1.228.252
- more than 12 months	217.682	496.087	713.769
4) Payables to banks	26.296.721	3.955.362	30.252.083
- within 12 months	12.388.548	969.928	13.358.477
- more than 12 months	13.908.172	2.985.433	16.893.606
7) Payables to suppliers	9.130.251	-17.348	9.112.903
- within 12 months	9.130.251	-17.348	9.112.903
D) Accrued income and deferred income	1.693.390	-765.477	927.913
Deferred income	1.599.135	-765.477	833.658
B) Provisions for risks and charges	44.247	512.949	557.196
2) For taxes	44.247	512.949	557.196
VIII - Retained earnings (losses)	3.415.594	-367.623	3.047.971

2.4 Cash Flow Statement

It should be noted that in the table below, Financial Method was applied for 2023 financial year, while the same was not applied for the comparison period as at 31 December 2022.

Cash Flow Statement, Indirect Method	31.12.2023	31.12.2022	Delta
(Data in Euro/000)			
A) Cash flows from operating activities (indirect method)			
Profit (loss) for the year	6.493.841	6.474.612	19.229
Income taxes	1.853.646	1.827.238	26.408
Interest expense/(income)	980.164	444.570	535.594
1) Profit (loss) for the year before income taxes, interest, dividends and capital gains/losses on disposals	9.327.651	8.746.420	581.231
Adjustments for non-cash items that were not offset in net working capital			
Provisions	882.094	828.940	53.154
Depreciation and amortisation of fixed assets	4.059.264	2.211.559	1.847.705
Impairment losses	- 45.510	39.532	- 85.042
Other adjustments for non-cash items	380.664	233.105	147.559
Total adjustments for non-cash items that were not offset in net working capital	5.276.512	3.313.136	1.963.376
2) Cash flow before changes in net working capital	14.604.163	12.059.556	2.544.607
Changes in net working capital			
Decrease/(Increase) in inventories	- 5.651.718	- 7.359.758	1.708.040
Decrease/(Increase) in fixed assets held for sale	- 8.938	73.639	- 82.577
Decrease/(Increase) in receivables from customers	- 892.268	- 5.536.803	4.644.535
Increase/(decrease) in payables to suppliers	- 1.897.865	7.235.114	- 9.132.979
Decrease/(Increase) in accrued income and deferred income	- 506.721	- 4.103	- 502.618
Increase/(decrease) in accrued expenses and deferred income	- 2.085.858	3.623.438	- 5.709.296
Other decreases/(Other Increases) in net working capital	- 807.994	- 1.355.805	547.811
Total changes in net working capital	- 11.851.362	- 3.324.278	- 8.527.084
3) Cash flow after changes in net working capital	2.752.801	8.735.278	- 5.982.477
Other corrections			
Interest Collected/(Paid)	- 980.164	- 444.570	- 535.594
(Income taxes paid)	- 2.374.087	- 2.048.291	- 325.796
(Use of Funds)	- 75.628	- 613.627	537.999
Total other corrections	- 3.429.879	- 3.106.488	- 323.391
Cash flow from operating activities (A)*	- 677.078	5.628.790	- 6.305.868
B) Cash flows from investing activities			
Property, plant and equipment - (Investments) / Divestments	- 5.346.908	- 1.241.237	- 4.105.671
Intangible assets - (Investments) / Divestments	- 8.414.181	- 2.588.083	- 5.826.098
Financial fixed assets - (Investments) / Divestments	- 118.033	- 7.833	- 110.200
Non-fixed financial assets - (Investments) / Divestments	- 608.366	- 46.550	- 561.816
Cash flow from investing activities (B)	- 14.487.488	- 3.883.703	- 10.603.785
C) Cash flows from financing activities			
Third-party media			
Increase/(decrease) in short-term payables to banks	5.498.340	1.680.272	3.818.068
Financing	18.909.460	4.400.000	14.509.460
(Repayment of loans)	- 12.218.112	- 4.940.436	- 7.277.676
Own funds			
(Principal repayment)	-	-	-
Paid capital increase	-	-	-
Sale (purchase) of treasury shares	- 135.132	- 294.780	159.648
Dividends (and interim dividends) paid	- 1.755.947	- 1.953.627	197.680
Cash flow from financing activities (C)	10.298.609	- 1.108.571	11.407.180
Increase (decrease) in cash and cash equivalents (A ± B ± C)	- 4.865.957	636.516	- 5.502.473
Cash and cash equivalents at the beginning of the period	17.316.197	15.777.061	1.539.136
Variation in consolidation period	2.227.847	902.621	1.325.226
Cash and cash equivalents at the end of the period	14.678.087	17.316.197	- 2.638.110



3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

Dear Shareholders,

We present the consolidated financial statements as at 31 December 2023, consisting of the balance sheet, the income statement, these notes to the financial statements and the cash flow statement, prepared in accordance with the Italian Civil Code, supplemented by the accounting standards developed by the Italian Accounting Body (O.I.C.) recently revised in application of Legislative Decree 139/2015 with the application of IFRS 16 relating to the so-called "financial method" for leasing.

The purpose of the notes to the financial statements is to illustrate, analyse and supplement the data of the consolidated financial statements and contains the information required by art. 2427 of the Italian Civil Code, other provisions of Legislative Decree no. 127 of 9 April 1991, or other previous laws.

The Directors confirm that, in view of the Group's economic outlook, capital position and financial position, there are no uncertainties about the Group's going concern and that, consequently, in preparing the financial statements as at 31 December 2023, they adopt accounting principles typical of a going concern.

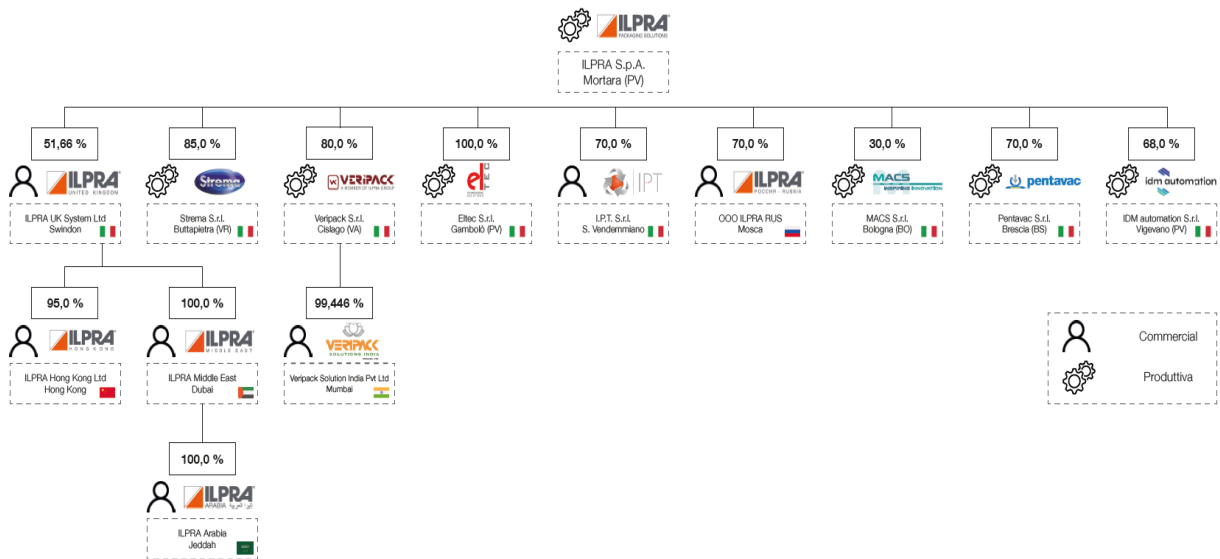
In addition, all the additional information deemed necessary to give a true and fair representation of the Group's financial position is provided, even if not required by specific legal provisions.

During the year, there were no exceptional cases that made it necessary to resort to the derogations referred to in art. 2423, fourth paragraph, of the Italian Civil Code.

The reconciliation between the amounts of shareholders' equity and net income for the year ended 31 December 2023, which can be deduced from the parent company's financial statements for the year ended 31 December 2023, and those resulting from the consolidated financial statements as at the same date, is presented in the appropriate section of these notes.

These consolidated financial statements have been prepared in accordance with Legislative Decree 127/1991, as the Group has exceeded the parameters imposed by the aforementioned Legislative Decree for two consecutive years and therefore, from this year, it is mandatory to prepare the consolidated financial statements; this obligation also provides for the application of the "financial" method for the accounting presentation of leases, as strongly recommended by OIC 17.

The identification of the structure of the Ilpra Group as at 31 December 2023, the reference date of these financial statements, is presented below:



The scope of consolidation changed compared to 31 December 2022, following the acquisition of the shareholdings in IDM Automation S.r.l., Pentavac S.r.l., the purchase of the remaining 49% of Eltec S.r.l. and the opening, by ILPRA Middle East llc, of ILPRA Arabia subsidiary.

3.1 Drafting criteria

Financial statements

Financial statements are prepared on the basis of mandatory formats provided for by articles 2424 and 2425 of the Italian Civil Code, supplemented by accounting standards developed by the Italian Accounting Body (O.I.C.) recently amended in application of Legislative Decree 139/2015. The so-called "financial method" is used for the presentation of leasing contracts, in accordance with IFRS 16.

Reference date of the consolidated financial statements

The reference date of these consolidated financial statements is 31 December 2023; it coincides with the year-end date of all the companies included in the consolidation area.

Principles of consolidation

Following main consolidation criteria have been adopted.

Assets and liabilities of subsidiaries are assumed according to the "global integration method", eliminating the carrying value of the investments held by the parent company against the related shareholders' equity.

When the carrying value of the investments in the parent company's financial statements is higher than the corresponding shareholders' equity at the date of acquisition, the difference is increased, where possible, to increase the assets of companies included in the consolidation and for the remaining portion is recorded under "goodwill" included in intangible assets; when this surplus does not correspond to a higher value of the investee, it is recorded as a deduction from the "Consolidation reserve". Receivables and payables, revenues and expenses between consolidated companies have been eliminated. Significant gains realized between consolidated companies and gains included in fixed assets from consolidated companies have been eliminated. Dividends distributed by consolidated companies have been reversed from the consolidated income statement.

When the carrying value of investments in the parent company's financial statements is lower than the corresponding shareholders' equity at the acquisition date, the negative difference from write-off is allocated, where possible, to reduction of assets recognised for values greater than their recoverable value and to liabilities recognised at a value lower than their extinguishing value, net of deferred tax assets to be recognised against allocated losses. Any negative surplus, if it is not attributable to the forecast of unfavorable economic results, but to the completion of a good deal, is accounted for in a specific reserve of consolidated shareholders' equity called "consolidation reserve".

The negative write-off difference that remains after the allocations referred to in the previous paragraph, if it relates, in whole or in part, to the forecast of unfavorable economic results, is accounted for in a special "Provision for consolidation for future risks and charges" recorded in the liability item "B) Provisions for risks and charges".

The above provision is used in subsequent years in such a way as to reflect assumptions made at the time of its appraisal at the time of purchase.

Use of the fund is carried out regardless of actual manifestation of expected unfavourable economic results. Use of the provision is recognised in the income statement item "A5 Other income and income".

Scope of consolidation

Investments in de jure or de facto subsidiaries are consolidated using the global integration method, as provided for by art. 26 of Legislative Decree 127/1991.

It was not decided to consolidate the subsidiary of Veripack S.r.l., Veripack Solution India Private Ltd, due to irrelevance of the data, making use of the exclusion provided for by art. 28 of Legislative Decree 127/1991.

The following is a list of the subsidiaries included and excluded from the consolidation as of December 31, 2023:

Subsidiaries included in the consolidation:
(Euro/000)

society	registered office	share capital	Equity	Profit/Loss Period	Direct Quote	Indirect share	Total share of the group	Book value
Ilpra System UK Ltd	Swindon	67	5.563	1.488	51,66%	0,00%	51,66%	1.989
Ilpra Middle East Dwc-Ilc*	Dubai	71	1.326	557	0,00%	100,00%	51,66%	68
Ilpra Hong Kong Ltd*	Hong Kong	7	36	(14)	0,00%	95,00%	49,08%	6
Strema S.r.l.	Buttapietra (VR)	99	3.877	279	85,00%	0,00%	85,00%	2.764
Veripack S.r.l.	Gorla Maggiore (VA)	10	1.102	310	80,00%	0,00%	80,00%	231
Eltec S.r.l.	Gambolò (PV)	60	125	8	51,00%	0,00%	100,00%	181
I.P.T. S.r.l.	S. Vendemiano (TV)	30	889	259	70,00%	0,00%	70,00%	351
OOO Ilpra Rus	Fly	0,2	301	60	70,00%	0,00%	70,00%	0,138
MACS S.r.l.**	Bologna	100	1.046	328	30,00%	0,00%	30,00%	905
IDM Automation S.r.l	Vigevano (PV)	30	1.394	504	68,00%	0,00%	68,00%	1.643
Pentavac S.r.l.	Comezano-Cizzago (BS)	100	2.316	656	70,00%	0,00%	70,00%	6.073
Ilpra Arabia***	Jeddah	23	24	1	0,00%	100,00%	51,66%	37

*Directly controlled by Ilpra System UK Ltd

**30% subsidiary, 51% voting rights

Indirectly controlled by Ilpra Middle East Dwc-Ilc

Financial statements in foreign currencies are converted at Euro exchange rates in accordance with OIC 17. Exchange rates shown in the following table were used to determine equivalent value in Euro of balances expressed in foreign currency of British subsidiaries Ilpra System UK Ltd, United Arab Emirates Ilpra Middle East Llc, Hong Kong Ilpra Hong Kong Ltd, Russia's OOO Ilpra Rus and Saudi Arabia's Ilpra Arabia.

currency	Balance sheet 31/12/2023	Average Economic Balances 2023
Euro/Riyal	4,1438	4,0548
Euro/Dirham	4,0581	3,971
Euro/Dollaro Hong Kong	8,6314	8,465
Euro/Sterlina	0,86905	0,86979
Euro/Ruble*	117,201	117,201

Source: <https://www.bancaditalia.it/compiti/operazioni-cambi/archivio-cambi/index.html>

*Valuation date of the Ruble exchange rate is 01/03/2022, last trading date of the Russian currency; the same exchange rate has also been applied with regard to the average exchange rate, as there were no transactions in the period covered by this consolidated statement of financial position.

Financial statements subject to consolidation

Financial statements of the subsidiaries used are the projects approved by the respective boards of directors. These financial statements shall, if necessary, be amended to remove tax items, as specified in more detail in point 2 below.

Share of third parties

The amount of capital and reserves of companies included in the consolidation, for the portion not attributable to the Group, is recorded in a specific item of equity, called "minority interests".

3.2 Consolidation technique

For companies included in full consolidation, both assets and liabilities as well as costs and revenues are fully recovered.

Once individual financial statements have been aggregated, following operations are carried out:

- elimination of significant items of intra-group receivables and payables;
- elimination of significant incomes and expenses relating to transactions carried out between Group companies;
- elimination of significant gains and losses arising from transactions carried out between Group companies and their assets included in equity at the reference date of the budget;
- Elimination of order accounts relating to guarantees and sureties between companies included in the consolidation area; elimination of positions made solely in application of tax regulations;
- elimination of carrying amounts of equity investments in companies included in the consolidation area against shareholders' equity attributable to investee companies, allocating to minority shareholders, in specific items, the share of the shareholders' equity and net profit for the year to which they are entitled; if the conditions are met, the difference between the purchase cost and the corresponding fraction of shareholders' equity of the subsidiaries existing at the date of acquisition of the investment is allocated to assets and/or liabilities of companies included in the consolidation area; any positive residual, where it represents an actual higher value of the investee that can be recovered through the future income generated by it, is recognised in an asset item called "Consolidation difference" and amortised in relation to expected period of usefulness of goodwill thus recorded; any negative residual, if it is not due to forecast of losses, is recognised in an item of shareholders' equity called "Consolidation reserve". In particular, details and effects of the purchase or contribution transactions that led to the establishment of the Group and the creation of the Consolidation Difference and the Consolidation Reserve are reported below.

Company	Date of Purchase	How to buy	% Purchased	Historical Cost	rival DL 140/2020	Pn share	Consolidation reserve	Consolidation Difference
Ilpra UK Ltd	05.02.18	split	51,66%	46.058	1.942.727	1.558.466	1.486.064	
Strema Srl	05.02.18	split	85,00%	8.780	2.755.485	1.571.211	1.562.431	
Ilpra UAE Llc	05.02.18	split	51,66%	68.209		77.566	42.313	
Ilpra HK Ltd	05.02.18	split	49,08%	6.092		26.735	23.588	
Veripack Srl	24.04.19	purchase	80,00%	25.970	204.958	56.834	30.864	
Eltec Srl	09.05.19	purchase	100,00%	181.283		91.457		89.826
I.P.T. Srl	26.06.19	purchase	70,00%	351.458		114.664		236.794
OOO Ilpra Rus	30.08.19	purchase	70,00%	138		47.103	32.834	
MACS Srl	13.04.22	purchase	30,00%	905.009		37.298		867.711
IDM Automation Srl	18.05.23	purchase	68,00%	1.642.806		789.558		853.248
Pentavac Srl	08.06.23	purchase	70,00%	6.073.014		1.170.282		4.902.733
Ilpra Arabia	13.12.23	constitution	51,66%	37.382		12.467		6.845
Total				9.346.199		5.553.641	3.178.094	6.957.157

For changes relating to the Group during the year under review, please refer to the chapter on significant events that occurred during 2023.

3.3 Assessment criteria

Criteria applied in the valuation of items in the consolidated financial statements and in the value adjustments comply with Article 2426 of the Italian Civil Code, as amended by the aforementioned Legislative Decree no. 127/91, and are uniform for all companies included in the consolidation area.

Valuation of items is carried out prudently and with a view to the continuation of the activities of companies belonging to the Group, in compliance with the general clause of "true and fair representation" of balance sheet, financial position and profit or loss of operations of all the companies constituting the Group headed by your company.

In addition, in the preparation of these financial statements, only profits realized at the end of the year have been indicated, taking into account incomes and expenses attributable to them, as well as risks and losses relating to the year, even if they may be known after the end of the year.

Intangible assets

They are recorded at the historical cost of acquisition, including any ancillary charges, and shown net of depreciation and amortisation during the years and charged directly to individual items.

Depreciation is calculated in constant instalments determined according to the estimated period of future use.

Rates applied are as follows:

Trademarks and patents	20%
Concessions and licenses	20%
R&D costs	20%
Installation and expansion costs	20%
Consolidation Difference	10%
Other	20%
- Improvements to third-party assets	Remaining term of the contract

Property, plant and equipment

They are valued at purchase cost, including ancillary costs, and are shown net of depreciation and amortization provisions.

Fixed assets that are permanently lower than their net book value are recognised at this lower value.

Depreciation schedules take into account the remaining possibility of economic use of individual assets. The depreciation period starts from the year in which the asset is used.

Rates applied in the calculation of depreciation for individual assets, in accordance with the ordinary tax rates allowed, are as follows:

Real estate and buildings	3%
Industrial & Commercial Equipment	15,5%
Other Assets	20%
- Furniture and furnishings	12%
-Cars	25%
-trucks	20%
- Electronic machines	20%
Land and buildings right of use	Remaining term of the corresponding leasing contract
Plant and machinery right of use	
Vehicles right of use	

Receivables and payables

Receivables and payables have been recognised in the financial statements on a amortised cost basis, taking into account the time factor and, with regard to receivables, the estimated realisable value, in accordance with the provisions of art. 2426, paragraph 8, of the Italian Civil Code.

Adjustment to presumed realisable value was made through allocation of a provision for doubtful debts, obtained taking into account general economic conditions, the sector and also country risk. For receivables and payables for which application of the amortised cost and/or discounting method has been verified to be irrelevant for purposes of the need to give a true and fair representation of company's financial position and economic situation, the recognition was maintained, respectively, according to the presumed realisable value, or the nominal value. They are classified as fixed assets or current assets on the basis of their destination and origin with respect to ordinary activities. The breakdown of the amounts payable within and beyond the financial year is made with reference to the contractual or legal maturity, also taking into account facts and events that may lead to a change in the original maturity, the debtor's realistic ability to fulfil the obligation within contractual terms and the time horizon in which, reasonably, it is believed that credit can be claimed.

Financial assets that do not constitute fixed assets

These investments do not constitute a durable investment, and are valued at acquisition cost (purchase price or sums paid for their subscription, net of coupon maturing), or at presumed realisable value, whichever is lower.

Cash equivalents

Cash and cash equivalents in Euro are recorded at nominal value, while cash and cash equivalents in other currencies are recorded in the financial statements at the exchange rate prevailing at the end of the year.

Accruals and deferrals

Accrued incomes and expenses are recorded on an accrual basis and refer to revenues and expenses for the year and with numerical manifestation in the following year. Deferred costs and deferred incomes relate to costs and revenues incurred during the year but pertaining to future years.

Provisions for risks and charges

They consist of provisions intended to cover charges of a specific nature, of certain or probable existence, of which either the amount or the date of occurrence are undetermined at the end of the financial year.

Appropriations reflect the estimate made on the basis of all available evidence.

Employee severance pay

It represents the liability provided for in Article 2120 of the Italian Civil Code, subject to revaluation by means of indices, accrued to all employees in accordance with current legislation and collective bargaining agreements.

The amount is recorded gross of advance payment on future withholding taxes, paid pursuant to Law 662/96 and related revaluation, classified under financial fixed assets.

Positive and negative components of income

Incomes and expenses are recorded in the income statement on an accrual basis, prudence and net of returns, discounts, rebates and premiums.

Fees for the provision of temporary work are charged to revenue on a monthly basis, in compliance with the accrual principle and in correlation with costs incurred for temporary work.

Taxes

Income taxes were determined on the basis of a forecast of the tax burden for the year with reference to the regulations in force. Deferred and deferred tax assets relating to consolidation transactions and all significant temporary differences between consolidated assets and liabilities and corresponding tax-relevant amounts resulting from financial statements of consolidated companies are accounted for. In particular, deferred tax assets are recognised only if there is reasonable certainty of their future recovery. Deferred tax liabilities, on the other hand, are not recognised if there is little chance that the relevant debt will arise.

Deferred tax assets and liabilities are offset if they relate to the same company. Balance of the offset is recorded under Other receivables from current assets, if assets, and in Provision for taxes, if liabilities.

3.4 Detailed information on the Balance Sheet

Intangible assets

Breakdown of intangible assets is as follows

	Balance 31.12.2022	Increases	Decreases	Other movements	Amort. Fund	Balance 31.12.2023
Installation and expansion costs	238.101	7.015			(198.213)	46.903
Development Costs	2.083.326	2.236.914		(1)	(1.316.662)	3.003.577
Trademark Licensing Grants	12.059	23.200			(5.654)	29.605
starting	475.265			1	(66.020)	409.246
Assets under construction	150.000	43.941				193.941
Other	474.918	531.489	(266.231)	184.107	(253.434)	670.849
Consolidation Difference	1.000.451	5.784.735			(461.411)	6.323.775
Total	4.434.120	8.627.294	(266.231)	184.107	(2.301.394)	10.677.896

The item "Plant and expansion costs" was increased by Euro 7,015, following the acquisition of Pentavac S.r.l.; other changes in value relate to the depreciation and amortisation for the year.

"Development costs" increased by 2,236,914 Euro, of which 665,920 Euro are attributable to MACS S.r.l. and 1,407,668 Euro to the parent company Ilpra S.p.A. The increase brought about by the new acquisition of IDM Automation Srl is Euro 163,326.

Item "Concessions, licenses and trademarks" increased by 23,200 Euro, of which 6,800 Euro attributable to the Parent Company, 12,212 Euro attributable to MACS S.r.l. and 4,188 Euro attributable to the new acquisition Pentavac S.r.l.

Item "Goodwill" moved only for the depreciation portion of the period.

"Intangible assets under construction" increased by Euro 43,941: Euro 19,000 attributable to Ilpra S.p.a. and Euro 24,941 attributable to Pentavac S.r.l.

Item "Other intangible assets" consists of costs with a long-term utility, mainly relating to software, reorganization expenses and improvements to third-party assets; the increase is mainly attributable to Ilpra S.p.A. Incremental amount of Euro 531,489 is divided as follows: Euro 352,323 relating to the parent company Ilpra S.p.a., Euro 100,000 attributable to MACS S.r.l., while increase brought about by the new acquisitions is Euro 53,901 attributable to Pentavac S.r.l. and Euro 25,265 relating to IDM Automation S.r.l. Decreases and other movements refer to elimination of assets that are fully depreciated but are still in use in various companies of the Group.

Item "Consolidation difference" increased by Euro 5,784,735, broken down as follows:

- Euro 4,902,733 relating to the acquisition of 70% of Pentavac S.r.l.;
- Euro 853,248, relating to the acquisition of 68% of IDM Automation S.r.l.;
- Euro 21,910 relating to the acquisition of the remaining 49% of Eltec S.r.l.;
- Euro 6,845 relating to 51.66% of the opening cost incurred by Ilpra Middle East.

The remaining amount refers to the acquisitions of Eltec S.r.l. for Euro 69,320, I.P.T. S.r.l. for Euro 236,794, and MACS S.r.l. for Euro 867,711.

Depreciation is calculated over a period of 10 years, and for new acquisitions it has been calculated pro rata from the date of purchase.

This amount could not be allocated, as required by OIC 17, to assets and liabilities relating to subsidiaries, and was therefore recognised on a residual basis.

Property, plant and equipment

Movements that occurred during the year are detailed below; it should be noted that the value of fixed assets as at 31.12.2022 is gross of accumulated depreciation:

	Balance 31.12.2022	Adj Financial Method	Increases	Decreases	Other movements	Diff. Translation	Amort. Fund	Balance 31.12.2023
Land and buildings	8.192.711	2.408.154	3.396.641	(38.869)		22.006	(2.898.063)	11.082.580
- of which Financial Method			1.031.285				(836.101)	
Plant & Machinery	2.284.624	1.489.325	1.524.872	(300.885)	5.017		(3.014.965)	1.987.988
- of which Financial Method			1.172.892	(201.765)			(800.161)	
ind.l & Commercial Equipment	409.336		183.296	(89.563)			(308.691)	194.378
Other Goods	2.811.015	155.462	951.052	(48.874)		6.328	(2.621.509)	1.253.474
- of which Financial Method			97.154	(36.831)			(83.135)	
WIP	-		16.155					16.155
Total	13.697.686	4.052.941	6.072.016	(478.191)	-	33.351	(8.843.228)	14.534.575

Item "Land and buildings" increased in the period covered by this report by Euro 51,402 relating to improvement works on buildings owned by Ilpra S.p.A., Euro 658,000 relating to the purchase of a building for industrial use by Veripack S.r.l. and Euro 388,704 relating to improvements to the industrial building, purchased during 2022, by Ilpra UK in Swindon.

New acquisitions increased this item as follows: IDM Automation S.r.l. for Euro 621,296 and Pentavac S.r.l. for Euro 1,010,279, of which Euro 443,597 for rights of use relating to the financial method.

Increase brought about by the financial method is equal to Euro 1,031,285.

"Plant and machinery" increased by Euro 1,524,872.

The increase attributable to new acquisitions is equal to Euro 659 for IDM Automation S.r.l. and Euro 392,820 for Pentavac S.r.l.

Increase brought about by the financial method is equal to Euro 1,172,892.

The decrease of Euro 300,885 is entirely attributable to the parent company Ilpra S.p.a., while the decrease attributable to the financial method is equal to Euro 201,765.

Item "industrial and commercial equipment" increased by Euro 183,296, of which Euro 2,059 attributable to I.P.T. S.r.l., Euro 2,123 attributable to MACS S.r.l., Euro 54 charged to Veripack S.r.l. and Euro 40,178 related to Ilpra S.p.a.

The increase attributable to the new acquisition IDM Automation S.r.l. is Euro 44,315, while for Pentavac S.r.l. the increase is Euro 94,567.

The decrease of Euro 89,563 is attributable to ILPRA S.p.a. for Euro 88,942.

"Other assets" increased by Euro 951,052. The decrease due to disposal of Euro 48,874 refers to furniture and furnishings, vehicles and electronic machines discarded due to normal wear and tear.

Increases related to the new acquisition IDM Automation S.r.l. are Euro 22,281 for electronic office machines, Euro 15,232 for office furniture and Euro 15,497 for other equipment.

Increases related to the new acquisition Pentavac S.r.l. are Euro 88,402 for electronic office machines, Euro 98,853 for office furniture and Euro 64,582 for other vehicles.

The increase brought about by the financial method is equal to Euro 97,154.

Item "Fixed assets under construction" increased by Euro 16,155, and is all attributable to Ilpra S.p.a. and relates to works in progress for the construction of a new electrical substation.

Financial fixed assets

The item moved as follows:

	balance 31.12.2023	balance 31.12.2022	variation
Investments in subsidiaries	10.000	10.000	0
Investments in associates	472.266	462.066	10.200
Investments in other companies	9.584	9.584	0
Receivables vs. other companies	149.444	51.611	97.833
Credits vs Other Securities	10.000	0	10.000
Total	651.294	533.261	118.033

Item "Investments in subsidiaries" refers to Veripack Srl's 99.446% stake in the Indian subsidiary "Veripack Solutions India Pvt Ltd".

Item "Investments in other associated companies" refers to the 23.33% stake held by the parent company Ilpra S.p.A. in Ilpra System España S.l. and the 34% stake held by IDM Automation S.r.l. in Quantix Digital S.r.l., for Euro 10,200.

Item "Investments in other companies" breaks down as follows:

- shares of Banca BCC Carate e Brianza, held by Ilpra S.p.A., for Euro 9,000;
- shares of Banca di Verona and Vicenza Credito Cooperativo held by Strema S.r.l. for Euro 569;
- Conai fee for 15 Euros, divided as follows: 5 Euros for Eltec S.r.l., 5 Euros for I.P.T. S.r.l. and 5 Euros for Veripack S.r.l.

Item "receivables vs other companies" relates to the receivable of I.P.T. S.r.l. against the insurance company Allianz RAS for the payment of premiums paid in order to ensure the end-of-term indemnity to the Sole Director and of the same nature for Pentavac S.r.l. for Euro 90,000.

Units of mutual funds and holdings are valued on the balance sheet at their historical purchase cost.

There are no capitalised financial charges.

Item "receivables vs other securities" refers to the non-interest-bearing loan of IDM Automation S.r.l. in favour of the associate Quantix Digital S.r.l.

Value of investments has been valued in the financial statements at historical purchase cost.

There are no capitalised financial charges.

Current Assets

Inventories

	balance 31.12.2023	balance 31.12.2022	variation
Raw mat, subsid and consumable	3.233.149	2.366.627	866.522
Work in progress of work and semi-finished products	12.402.939	10.318.607	2.084.332
Finished Products & Merchandise	9.955.372	7.254.508	2.700.864
Total	25.591.460	19.939.742	5.651.718

Value of stock of finished products increased by 2,700,864 Euro, of which the impact of new acquisitions was as follows: IDM Automation S.r.l. for 1,351,000 Euro and Pentavac S.r.l. for 263,049 Euro.

Inventories of raw materials increased by Euro 866,522, of which Pentavac S.r.l. contributed for Euro 1,077,805; work-in-progress also increased by Euro 2,084,332; contributions of recent acquisitions are the following: IDM Automation S.r.l. for Euro 296,600 and Pentavac S.r.l. for Euro 148,297.

Inventory increases, net of new acquisitions, amount to approximately Euro 2,500,000. A reduction in raw materials can be seen, as, since the summer of the period under review, prices have reversed the trend and have fallen significantly compared to the end of 2022 and the first months of 2023, and, above all, there are no longer delays and supply problems.

Finished products and work-in-progress increased compared to the previous year, both because of the Group's strategy to have the complete range of machines ready for delivery to facilitate customers who are much more focused on *time to market* - much more today than in the pre-COVID period - and because of numerous orders with a processing time that exceeds the year examined in this document.

Fixed assets held for sale

	balance 31.12.2023	balance 31.12.2022	variation
Property, plant and equipment held for sale	8.938	0	8.938
Total	8.938	0	8.938

Such item refers to a Fiat Tipo station wagon car, leased from the parent company, redeemed and intended for sale.

Credits

	balance 31.12.2023	balance 31.12.2022	variation
Receivables from customers	17.117.883	16.225.615	892.268
Receivables from associates	4.054.018	3.746.930	307.088
Receivables from others	4.700.563	3.314.247	1.386.316
Total	25.872.464	23.286.792	2.585.672

"Receivables from customers" is represented by receivables not yet collected as of 31 December 2023. The contribution relating to the acquisition of IDM Automation Srl is Euro 286,512, and that of Pentavac Srl is Euro 746,696.

Receivables from customers are expressed net of the provision for adjustments of Euro 756,777, which reflects assessments made by Directors regarding estimated realisable value of trade receivables outstanding as of December 31, 2023.

The increase in the item is linked to the strong increase in turnover during the year under review.

Item "receivables from associates" refers to receivables from Ilpra System España S.l., relating to the sale of packaging machinery with the associated company, and from the receivables owed by IDM Automation S.r.l. from the associate Quantix Digital S.r.l. for Euro 376,844.

"Receivables from others" is made up of receivables from new acquisitions for 636,144 Euro, of which Pentavac S.r.l. for 347,073 Euro and IDM Automation S.r.l. for 289,071 Euro.

There are no receivables and payables with a maturity of more than five years and debts secured by collateral on company assets; there are no receivables and payables relating to transactions with the obligation for the purchaser of forward retrocession.

Changes in the Provision for Doubtful Accounts are shown below:

	balance 31.12.2022	Increases	Use	Diff. Translation	Reclass.	balance 31.12.2023
Write-downs of receivables fund	284.630	564.902	(93.196)	441	-	756.777
Total	284.630	564.902	(93.196)	441	-	756.777

The increase in the provision is attributable for Euro 177,025 to new acquisitions: IDM Automation S.r.l. for Euro 27,025 and Pentavac S.r.l. for Euro 150,000.

Breakdown of receivables from others is as follows:

	balance 31.12.2023	balance 31.12.2022	adjustment Financial Method	balance 31.12.2022 Financial method	variation
Receivables from the Treasury	2.388.646	1.359.144			1.029.502
Deferred tax assets	1.228.252	473.107	246.611	719.718	508.534
Receivables from employees	20.531	17.600			2.931
Receivables from social security institutions	1.010	-			1.010
Receivables from suppliers for advances	907.234	1.385.211			-477.977
Security Deposit Credits	18.675	12.416			6.259
Receivables from others	136.215	66.769			69.446
Total	4.700.563	3.314.247	246.611	719.718	1.139.705

Financial assets that do not constitute fixed assets are as follows:

	balance 31.12.2023	balance 31.12.2022	variation
Other securities	558.129	342.058	216.071
Total	558.129	342.058	216.071

"Other securities", amounting to Euro 558,129, are mainly represented by the investment made by the subsidiary Ilpra System UK Ltd in the St. James Place Investment Fund, amounting to Euro 394,645. During the year under review, this provision was increased by Euro 103,484 due to the investment made by Strema S.r.l. in the DWS Investment Banco BPM Fund and by Euro 60,000 relating to the deposit certificate opened by I.P.T. S.r.l. during the year.

Cash equivalents

	balance 31.12.2023	balance 31.12.2022	variation
Bank and postal deposits	14.666.021	17.303.012	-2.636.991
Cash and valuables on hand	12.066	13.185	-1.119
Total	14.678.087	17.316.197	-2.638.110

Cash and cash equivalents of new acquisitions amount to Euro 2,227,847, of which IDM Automation S.r.l. for Euro 1,582,199, Pentavac S.r.l. for Euro 621,516 and ILPRA Arabia for Euro 24,132.

Accruals and deferrals

The item moved as follows:

	balance 31.12.2023	balance 31.12.2022	Financial Method Adjustmen	balance 31.12.2022 Financial Method	variation
Deferred income	833.658	723.109	-366.394	356.715	476.943
Accrued income	94.255	64.478			29.777
Total	927.913	787.587			506.720

"Deferred income" mainly refers to insurance, licences and other costs incurred during the year but not attributable to the year. The principal amount is attributable to Ilpra S.p.a. for Euro 458,844. The acquisition of IDM Automation S.r.l. led to an increase in this item of Euro 44,918, while Pentavac S.r.l. led to an increase of Euro 118,188.

Equity

The table shows the changes in the Group's equity accounts during the year:

	Share capital	Share Premium Reserve	Legal Reserve	Extraordinary reserve	Res. Translation	Res. Consolidation.	Res neg. Shares	Undivided profit (loss)	Profit (loss) for the year	Total
Balance sheet as at 01.01.23	2.407.720	4.753.914	481.544	3.744.197	-96.716	3.178.095	-530.676	6.792.722	5.205.674	25.936.474
Dest. Result 2022				3.099.253				308.757	-3.778.106	-370.096
Translation Resources					54.810					54.810
Dividend distribution									-1.427.568	-1.427.568
Profit (loss) for the year									4.960.530	4.960.530
Treasury share reserve							-135.132			-135.132
Balance sheet as at 31.12.23	2.407.720	4.753.914	481.544	6.843.450	-41.906	3.178.095	-665.808	7.101.479	4.960.530	29.019.018

Group's Shareholders' Equity as of December 31, 2023 amounted to Euro 29,019,018 and recorded the movements shown in the above table (pursuant to Article 2427, point 4 of the Italian Civil Code); the amount refers in full to Group's Shareholders' Equity.

The share capital consists of 12,038,600 shares with no par value.

As of December 31, 2023, the Parent Company held 162,000 treasury shares, equal to 1.3457% of the share capital, purchased at market value during the year. Purchases made increased the negative reserve for treasury shares, which amounted to Euro 665,808 as of December 31, 2023.

The value of the consolidation reserve as at 31 December 2023 refers to the negative difference between the carrying value of the investment in Ilpra System UK Ltd, Strema Srl, Ilpra Middle East Dwc-Illc, Ilpra Hong Kong Ltd, Veripack S.r.l., the acquisition of the investment in IDM Automation S.r.l., Pentavac S.r.l., the establishment of ILPRA Arabia and their respective net worth shares.

Below is a reconciliation of the parent company's result and shareholders' equity with the Group's result and shareholders' equity as at 31 December 2023 in thousands of Euro.

Values expressed in thousands of euro	Equity	Profit for the year
Shareholders' equity and profit for the year of Ilpra Spa	25.480	3.340
Elimination of the carrying value of consolidated investments		
Pro-rata results of consolidated companies	6.527	2.320
Elimination of the Revaluation Reserve	(4.903)	
Consolidation reserve	3.178	
Consolidation Difference Amortization	(635)	(461)
Elimination of intra-group dividends	(391)	(391)
Translation Differences	(42)	
Elimination of IT-gaap amm adjustment for UK building	(98)	(19)
Elimination of IT-gaap amm adjustment Apartment UAE	24	7
Elimination of IT-GAAP IFRS16 adjustment for UAE rent	4	4
IFRS 16 impact		
Adjustment of IFRS 16 prior years	(368)	
Cancellation leasing costs	2.327	1.335
Depreciation on Leasing	(1.978)	(1.098)
Recognition of interest expense on leases	(288)	(202)
Elimination of tax effects		
Depreciation and amortization of consolidation net of tax effects	177	129
Depreciation of UK buildings net of tax effects	22	7
IFRS 16 Application	-17	(10)
Shareholders' equity and profit for the year of the group	29.019	4.961

Provisions for risks and charges

	Balance 31.12.2022	Financial Method Adjustment	Translation Diff	Prov.	Use	Balance 31.12.2023
Retirement treatment	234.552			198.656		433.208
Tax provision	20.293	253.788	437	289.072	(6.394)	557.196
Other funds	40.000			200.217	(40.000)	200.217
Total	294.845		437	687.945	(46.394)	1.190.621

The change in the Retirement Indemnity Provision is as follows: increase of Euro 198,656, of which attributable to Ilpra S.p.A. for Euro 62,462, IPT S.r.l. for Euro 7,833, MACS S.r.l. for Euro 20,000 and Veripack S.r.l. for Euro 8,500. The contribution of the new acquisition Pentavac S.r.l. amounted to Euro 94,028; that of IDM Automation S.r.l. amounted to Euro 5,833.

The provision for taxes of Euro 557,196 for Euro 43,408 refers to the movements of Ilpra System UK Ltd (and was increased compared to the previous year for Euro 22,678) and refers to Strema S.r.l. for Euro 839; the remaining amount is all attributable to the application of the "financial method".

The amount of Other Provisions refers entirely to Ilpra S.p.A., and is composed as follows; Euro 30,000 relating to the Ilpra S.p.A. Guarantee Fund, which during the period was used for Euro 40,000 and increased by Euro 50,000. The residual increase of Euro 150,217 relates to the new acquisition of IDM Automation S.r.l.

Employee severance pay

	Balance 31.12.2022	Translation Diff	Prov. 2023	Use	Other movements	Balance 31.12.2023
Severance pay fund	3.206.877	(875)	843.034	(342.526)	-	3.706.510
Total	3.206.877	(875)	843.034	(342.526)		3.706.510

The provision for employee severance indemnities represents the Group's actual debt versus employees as of December 31, 2023, net of advances paid.

Such provision includes, under the item "increases", Euro 129,682, attributable to the new acquisition IDM Automation S.r.l. and Euro 246,386 attributable to Pentavac S.r.l.

Debts

	balance 31.12.2023	balance 31.12.2022	Financial Method Adjustment	balance 31.12.2022 Financial Method	variation
Debts vs. Shareholders for Financing	464.377	464.377			0
Payables to banks	30.252.083	13.487.655	3.169.404	16.657.059	13.595.024
Advances	5.392.179	7.651.555			-2.259.376
Payables to suppliers	9.112.903	8.751.392			361.511
Payables vs Associates	0	39.988			-39.988
Tax payables	1.426.511	1.946.952			-520.441
Payables to soc. Sec. and welfare institutions	554.768	461.591			93.177
Payables to others	2.756.979	2.563.664			193.315
Total	49.959.800	35.367.174	3.169.404	16.657.059	11.423.222

Payables to third-party shareholders for loans

The debt balance of this item is Euro 464,377 and refers to the loan received by MACS S.r.l. from a shareholder. This financing was already in place before the M&A transaction carried out by Ilpra S.p.A.

Payables to banks

The balance of debt versus banks as at 31 December 2023 expresses the actual debt for principal, interest and ancillary charges accrued and payable; those due over 12 months are medium-term loans.

Financial payables attributable to IDM Automation S.r.l. amounted to Euro 1,884,161, while those attributable to Pentavac S.r.l. amounted to Euro 536,440.

Advances from customers

The balance of the payable for advances from customers as of December 31, 2023 is Euro 5,392,179, and refers to advances received from customers for orders in progress. The portion of debt attributable to IDM Automation S.r.l. is Euro 115,600, while that of Pentavac S.r.l. is Euro 452,328.

Payables to suppliers

The balance of payables to suppliers as at 31 December 2023 expresses the actual payable to suppliers, net of discounts and rebates. The portion of debt attributable to IDM Automation S.r.l. is Euro 728,680, that of Pentavac S.r.l. is Euro 617,012.

Tax payables

Item "Tax payables" includes only liabilities for certain and determined taxes, since liabilities for probable or uncertain taxes in the amount or date of occurrence, or for deferred taxes, are recorded in item B of the liabilities (Provision for risks and charges).

There are no debts beyond 12 months.

Tax payables attributable to IDM Automation S.r.l. amounted to Euro 258,960 and those attributable to Pentavac S.r.l. amounted to Euro 32,468.

Social security debts

Payables to social security institutions are all within the financial year and there are no payables relating to previous years.

Payables to social security institutions attributable to IDM Automation S.r.l. amount to Euro 31,749, those of Pentavac S.r.l. amount to Euro 30,488 and those versus ILPRA Arabia amount to Euro 314.

Payables to others

Item "Payables to others" detailed below includes items of new acquisitions: IDM Automation S.r.l. for Euro 155,003, Pentavac S.r.l. for Euro 155,099 and ILRA Arabia for Euro 2,462.

	balance 31.12.2023	balance 31.12.2022	variation
Security deposits	153.784	78.613	75.171
Payables vs shareholders undistributed dividends	408.969	381.466	27.503
Payables to personnel	1.852.688	1.837.449	15.239
Payables to Pension Funds	72.441	56.115	16.326
Credit card payables	138.546	75.196	63.350
Trade union withholdings	582	402	180
Other payables	129.969	134.422	-4.453
Total	2.756.979	2.563.663	193.316

Tax payables as at 31 December 2023 break down as follows:

	balance 31.12.2023	balance 31.12.2022	variation
Payables to the Treasury for withholding taxes	452.790	416.388	36.402
Payables to the Treasury for VAT	515.516	677.244	-161.728
Payables to the Treasury for other taxes	72.735	55.867	16.868
Payables to the Treasury for taxes	385.470	797.453	-411.983
Payables to local authorities for taxes	-	-	0
Total	1.426.511	1.946.952	-520.441

IDM Automation S.r.l.'s share is Euro 258,960, while Pentavac S.r.l.'s is Euro 32,468.

Accrued expenses and deferred income

Changes in the item break down as follows:

	balance 31.12.2023	balance 31.12.2022	variation
Accrued liabilities	62.238	311.292	-249.054
Deferred income	3.668.339	5.505.143	-1.836.804
Total	3.730.577	5.816.435	-2.085.858

Accrued expenses are mainly related to bank interests.

IDM Automation S.r.l.'s share is Euro 47, while Pentavac S.r.l.'s is Euro 167.

Deferred income mainly relates to the reversal of rental income not attributable to the period. Euro 18,540 relates to IPO Tax Credit.

Deferred income attributable to new acquisitions is as follows: Euro 13,303 attributable to IDM Automation S.r.l. and Euro 162,257 attributable to Pentavac S.r.l.

3.5 Detailed information on the Income Statement

It should be noted that the income statement takes into account costs and revenues of new acquisitions on a pro rata basis from the date of acquisition of investments themselves.

Revenue from sales and services

Revenue from sales and services breaks down as follows:

	balance 31.12.2023	balance 31.12.2022	variation
Revenues from the sale of machines	46.299.421	35.014.143	11.285.278
Revenues from the sale of spare parts	7.049.483	5.838.896	1.210.587
Service Revenue	1.726.549	1.567.893	158.656
Software Revenue	4.625	4.860	-235
Machinery rental revenues	252.393	361.796	-109.403
Consumables Revenue	5.623.737	4.822.947	800.790
Ancillary services revenue	852.261	847.029	5.232
Other Revenues	229.976	246.074	-16.098
Total	62.038.445	48.703.638	13.334.807

Revenues include sales of the subsidiary IDM Automation S.r.l. for Euro 4,123,303 and the subsidiary Pentavac S.r.l. for Euro 2,782,189.

The geographical breakdown of sales and service revenues is as follows:

	balance 31.12.2023	balance 31.12.2022	variation
Sales revenue ITALY	24.052.499	18.564.630	5.487.869
Revenues from sales ABROAD	37.985.946	30.139.008	7.846.938
Total	62.038.445	48.703.638	13.334.807

Breakdown of turnover between Italy and abroad, for new acquisitions, is as follows:

- IDM Automation S.r.l.: Italian turnover Euro 2,966,762, foreign turnover Euro 1,156,541;
- Pentavac S.r.l.: Italian turnover Euro 1,252,225, foreign turnover Euro 1,372,400.

Other revenues, which amount to Euro 1,431,944, break down as follows:

	balance 31.12.2023	balance 31.12.2022	variation
Tax credit	583.429	631.516	-48.087
Active rentals	285.246	283.409	1.837
Insurance claims	82.021	48.579	33.442
Contingent assets	337.950	56.181	281.769
Capital gain	32.270	242.276	-210.006
Chargeback	50.269	61.261	-10.992
Contributions	148.289	92.786	55.503
Active rebates	1.902	1.766	136
Other revenues	81.752	14.170	67.582
Total	1.603.128	1.431.944	171.184

Contribution of new acquisitions is as follows: IDM Automation S.r.l. Euro 10,876 and Pentavac S.r.l. Euro 133,942.

Tax credit relates to Research and Development for Euro 261,246, of which Euro 135,327 attributable to Ilpra S.p.A., Euro 85,185 attributable to MACS Srl and Euro 40,734 attributable to Veripack Srl.

- Euro 111,242 for IPO receivables attributable solely to the parent company Ilpra S.p.A.,
- Euro 23,762 for energy savings relating to Ilpra S.p.A.,
- Euro 600 relating to contributions to technical institutes by the parent company,
- Euro 161,717 for capital goods, of which Euro 161,482 attributable to Ilpra S.p.A., Euro 235 relating to Veripack Srl.,
- Euro 25,462 non-energy-intensive,
- Euro 1,022 for advertising, relating only to Veripack Srl.

Costs for raw materials

During the year under review, costs for raw materials used in production decreased compared to the previous year.

The increase in the value of raw materials is mainly attributable to the increase in production, which generated a significant increase in turnover compared to the previous year; this increase was combined with a procurement policy, especially of raw materials, aimed at trying to calm the constant increase in prices and to guarantee production for budgeted orders.

The impact of IDM Automation S.r.l. was equal to Euro 2,879,624, that of Pentavac S.r.l. was equal to Euro 973.564.

	balance 31.12.2023	balance 31.12.2022	variation
Goods c/Purchases	27.166.883	22.235.987	4.930.896
Packaging	207.224	168.371	38.853
Consumables	654.625	592.572	62.053
Small equipment	158.187	140.530	17.657
Total	28.186.919	23.137.460	5.049.459

Costs for services:

	balance 31.12.2023	balance 31.12.2022	<i>Variation</i>
Remuneration of directors and statutory auditors	2.314.344	2.203.800	110.544
External processing	210.197	312.382	-102.185
Costs of legal and notary consultations	93.024	57.850	35.174
Costs of amm.ve and tax and labour consultancy	438.107	404.997	33.110
Stock Exchange Consulting	171.318	168.850	2.468
Other consultations	1.090.200	433.175	657.025
Utilities	495.726	564.396	-68.670
Advertising, fairs and exhibitions	1.027.602	1.048.067	-20.465
Travel & Transfers	920.027	680.304	239.723
Cleaning and maintenance	880.166	685.863	194.303
Postal and transport	892.800	674.466	218.334
Commissions payable	1.044.028	763.332	280.696
Other costs for services	12.154	18.134	-5.980
Bank charges	197.337	140.260	57.077
Financial Statement Certification	34.100	24.819	9.281
Stationery	66.069	46.387	19.682
Personnel selection costs	19.930	46.365	-26.435
Food, accommodation, fuel, tolls	511.886	405.768	106.118
Insurance	241.410	191.209	50.201
Prevention and safety costs	24.182	26.260	-2.078
Administration fee	0	5.551	-5.551
Other costs	22.423	11.759	10.664
Total	10.707.030	8.913.994	1.793.036

Costs for services pertaining to IDM Automation S.r.l. are equal to Euro 421,126, those of Pentavac S.r.l. are Euro 440,027 and those of ILPRA Arabia are Euro 5,128.

Item Stock Exchange Consultancy refers to the Parent Company and it refers to consultancy services strictly related to obligations imposed by Borsa Italiana.

Other consultancy refers to legal, technical, production and other consultancy that increased significantly during 2023 as a result of targets assessment and technical advice, especially for subsidiaries.

Advertising for trade fairs and exhibitions was in line with the previous year; fairs have been recounted on a multi-year basis.

Commission expenses increased as a result of the significant increase in turnover.

Costs for the use of third-party assets:

	Balance 31.12.2022	Balance 31.12.2022	Financial Method Adjustment	Balance 31.12.2022 Financial Method	variation
Leasing RE	-	360.689	(360.689)	-	0
Leasing cars	-	82.640	(82.640)	-	0
Leasing capital goods	-	549.515	(549.515)	-	0
Car Rentals	185.234	159.293			25.941
Capital goods rental	166.931	141.588			25.343
Rental of real estate	597.097	504.614			92.483
Machinery rental	37.221	31.202			6.019
Total	986.483	1.829.541	(992.844)		149.786

Costs for the use of third-party assets were in line with the previous year.

The incidence of costs of IDM Automation S.r.l. is Euro 16,812, that of Pentavac S.r.l. is Euro 5,497.

Employee Expenses:

	Balance 31.12.2023	Balance 31.12.2022	variation
Wages and salaries	10.875.969	9.358.388	1.517.581
Social security contributions	2.955.250	2.409.691	545.559
Severance pay	681.877	786.864	-104.987
Other costs	248.584	111.915	136.669
Total	14.761.680	12.666.858	2.094.822

The cost of wages and salaries takes into account the natural increase in the number of personnel employed.

During the year under review, subsidiaries and the parent company were structured to be able to support the 2023 increase in turnover and in anticipation of the growth expected by the trade association UCIMA.

Costs attributable to IDM Automation S.r.l. amount to Euro 414,916, those of Pentavac S.r.l. to Euro 539,908 and those of ILPRA Arabia to Euro 2,837.

Miscellaneous operating expenses are made up of the following costs:

	Balance 31.12.2023	Balance 31.12.2022	variation
Taxes & Fees	155.128	147.064	8.064
Gifts and donations	3.029	7.441	-4.412
Gifts to customers	39.440	40.482	-1.042
Membership fees	37.055	32.129	4.926
Losses on receivables	40.918	32.569	8.349
Other costs	119.209	29.695	89.514
Contingent liabilities	248.251	58.482	189.769
Rounding	1.528	1.805	-277
Losses on property, plant and equipment	52.456	4.456	48.000
Total	697.014	354.123	342.891

IDM Automation S.r.l.'s share was Euro 151,306, while Pentavac S.r.l.'s was Euro 16,594. Contingent liabilities increased significantly compared to the previous year as a result of the new acquisition of IDM Automation S.r.l. for Euro 142,326 and Ilpra S.p.a. for Euro 93,735, all costs relating to previous years.

Interest and financial charges

The breakdown of interest and financial charges is as follows:

	balance 31.12.2023	balance 31.12.2022	variation
Other income from equity investments	359	270	89
Bank interest receivable	146.255	11.320	134.935
Interest income from customers	1.805	3.758	-1.953
Miscellaneous interest income	1.496	34	1.462
Interest income on securities	6.907	0	6.907
Exchange rate difference	27.408	0	27.408
Total	184.230	15.382	168.848

The portion of interest income attributable to IDM Automation S.r.l. is Euro 25. The item is significantly higher than the previous year as favorable conditions were negotiated on your company's financial resources.

	balance 31.12.2023	balance 31.12.2022	Financial Method Adjustment	balance 31.12.2022 Financial Method	variation
Bank Interest Expense	962.160	226.770			735.390
Interest expense on leases	202.234	0	86.459	86.459	115.775
Exchange rate difference	0	233.181			-233.181
Total	1.164.394	459.951	86.459	86.459	617.984

The amount of financial charges attributable to IDM Automation S.r.l. is Euro 71,184, while that of Pentavac S.r.l. is Euro 2,735.

The portion of interest expense for leases due to the effect of the Financial Method is Euro 1,415 for IDM Automation S.r.l. and Euro 8,718 for Pentavac S.r.l.

Item "Write-downs of financial fixed assets that do not constitute investments in securities recorded in current assets" amounting to Euro 45,510, relates to the *fair value* of the investment made by Ilpra System UK Ltd in the St. James Place Investment Fund.

	balance 31.12.2023	balance 31.12.2022	variation
Revaluations	45.510	0	45.510
Downs	0	39.532	-39.532
Total	45.510	39.532	5.978

There are no derivative financial instruments.

Taxes

Deferred taxes are equal to those of individual companies participating in consolidated financial statements, where they are accounted for.

	balance 31.12.2023	balance 31.12.2022	Financial Method Adjustment	balance 31.12.2022 Financial Method	variation
Current taxes	2.073.667	1.910.378			163.289
Deferred tax assets	340.521	-741	253.788	253.047	87.474
Deferred tax assets	-511.288	-82.400	-246.611	-329.011	-182.277
Taxes for previous years	-49.254				-49.254
Total	1.853.646	1.827.237	7.177	(75.964)	19.232

Taxes payable by IDM Automation S.r.l. amounted to Euro 83,279, of which current taxes amounted to Euro 141,222, deferred taxes amounted to Euro 483 and deferred tax assets amounted to Euro 58,426.

Taxes payable by Pentavac S.r.l. amounted to Euro 162,724, of which current taxes amounted to Euro 218,467, deferred tax assets amounted to Euro 15,808 and deferred tax assets amounted to Euro 71,551.

3.6 Other information and details

Average number of employees

The average number of employees in 2023 financial year is shown below, divided between white-collar and blue-collar workers:

	balance 31.12.2023	balance 31.12.2022	variation
Employees	158	125	33
Workers	166	142	24
Total	324	267	57

The average increase in the number of employees brought by IDM Automation S.r.l. is 10 units, of which 8 are white-collar and 2 are blue-collar, and, as far as Pentavac S.r.l. is concerned, it is 20 units, of which 9 are white-collar and 11 are blue-collar workers, while for Ilpra Arabia the increase is 2 units, all of which are white-collar workers.

Commitments, guarantees and contingent liabilities not shown in the balance sheet

Commitments not shown in the balance sheet relate to the remaining lease instalments of the buildings. Commitments not shown in the balance sheet relating to the residual lease instalments of industrial buildings, machinery and vehicles leased have been reduced to zero for the application of the "financial" method. A guarantee for takeover of the real estate leasing contract - stipulated by the former subsidiary Tecnofoodpack S.p.A. - remains.

	balance 31.12.2023	balance 31.12.2022	Financial Method Adjustment	balance 31.12.2022 Financial Method	variation
Commitments	0	3.032.278	-3.032.278	0	0
Warranty on behalf of Tecnofoodpack S.p.a.	869.386	992.669			-123.283
Total	869.386	4.024.947	(3.032.278)		-123.283

Consolidated financial statements, consisting of Balance Sheet, Income Statement and Notes to Financial Statements, Cash Flow Statement, give a true and fair view of the Group's financial position and results of operations for the period.

Mortara, 28 March 2024

For the Board of Directors
The President
Maurizio Bertocco

