Costamp Group S.p.A.

Via Giuseppe Verdi 6, 23844 Sirone (LC)
Share capital € 2,130,272.00 fully paid up
Tax code and registration number in the Lecco Register of Companies 01763310354

ANNUAL REPORT at 31/12/2020

Dear Shareholders,

this Report on operations, drafted by the Board of Directors, is based on the consolidated financial statements of Costamp Group S.p.a. relating to the financial year that ended on 31 December 2020, drafted in accordance with IAS/IFRS (International Accounting Standards -IAS- and International Financial Reporting Standards -IFRS-) issued by the IASB and adopted by the European Union on the same date.

Before reading the Management Report and the compulsory points, a premise that is substantiated as below is necessary.

Introduction

Purpose of this informative document

The purpose of this preliminary informative document is to cover at least three essential points which in what we may refer to as the "coronavirus environment" also have particular importance because accounting principle IAS 1, section 125 requires, in general, the company to disclose information on assumptions regarding the future and on the other main causes of uncertainty in the estimate at the year-end date show a significant risk of also giving rise to significant adjustments to the carry forward amounts of assets and liabilities within the following year.
We then detail the individual points that we consider important to give the reader of the financial statements complete information.

It is necessary to point out immediately that in order to give an appropriate interpretation to the profit for the financial year, it is necessary to remember the extraordinary external factor that affected the economy globally, the so-called "Covid-19" which forced the Group to reduce production capacity by 20% compared to previously for about two months. This situation at the relevant date (31 December 2020) of this report, is still ongoing. The containment strategies appear to be different even if vaccines are being distributed, albeit in low quantities, and we can therefore see how the only temporary solution is to resort to a limitation of the movement of people and this has prevented "physical" contacts with customers located in other European and non-European countries.
This aspect has its importance in the formulation of projects and it is not always the case that smart working adequately compensates for the lack of presence. The company developed the plans it had already set up and also completed an important reorganisation operation.
This is an operation that has led to making the foundry department independent and this will allow it (now part of the company Alunext S.r.l., in which the company holds 49% of the shares) to work also for third parties and to better develop its skills with the development of LPF technology.
It should also be said that in 2020 the Group used the financial support opportunities proposed by the Italian Government by taking advantage of State-guaranteed loans that were disbursed through various credit institutions.
It should be noted that Costamp has decided to take advantage of this opportunity in order to be ready for any problems related to the global pandemic.
The Group also took advantage of this condition to improve several aspects:
During the lockdown period, the foundry activity turned to the production of parts for pulmonary ventilators;

Smart working activities were adopted and expanded;
The company/production procedures were redesigned with the insertion of a double work shift. Procedures made definitive given the greater efficiency in the management of production processes;
The organisational model was redesigned in relation to the technical/design unit with a significant improvement in efficiency;
During the year, the integration process of the Sirone, Turin and Correggio Business Units continued, as well as with the investee companies Modelleria Ara S.r.l. and Pama S.r.l.
The management control system was developed with the addition of one person;
The implementation of law 231 was initiated with the inclusion of an external expert to compose the PODV.

Moving on to listing the numerical part, in the financial year ended 31 December 2020, the Group recorded revenues of 47.71 million Euros with a value of production of 51.27 million Euros, compared to similar data, referring to the previous financial year closed. at 31 December 2019, in the amount of 55.44 million Euros and 58.35 million Euros respectively.
The contraction is linked to COVID which has led to the slowdown of some investment programs by customers with a more accentuated request compared to previous years, the postponement of deliveries, mainly received in the second half of 2020 or when the pandemic crisis increased.
The gross operating margin (EBITDA) stood at 5.49 million Euros, with an incidence on turnover of 10.71% (5.67 million Euros and an incidence of 9.72% at 31 December 2019).
The net financial position at 31 December 2020 was negative for 32.16 Euros, compared to 29.1 Euros at 31 December 2019.
The performance of the first half of 2021 was carefully monitored by management through the implementation of management control and the operation conducted on the foundry should allow for an improvement in management with greater efficiency.
2020 also saw a strong commitment to R&D. In fact, the project called LPF has taken hold in a predominant way. This project will achieve its goal in the first half of 2021 with the installation of the IDRA LPF 2000 island, making this project a full-fledged industrial plan. The costs have been entered in the income statement and in 2021 there is an intention to benefit from the tax credit .

This project, let us remember, consists of a production process that aims to integrate the positive characteristics of the most widely used aluminium hot stamping technologies on the market, with a marked improvement in product quality as well as a lower environmental impact.

These are the elements that do not allow us to be overly optimistic but to have a reasonable outlook on the future.

In 2020 the Group continued with the planned investments in machinery that will make it possible to exploit the potential offered by the evolution of the automotive market towards lighter components, and the adaptation of buildings according to the new legal regulations. The Group is among the first Toolmakers to have acquired orders for Giga Tools from a well-known US electric car manufacturer. This type of mould seems to be a new business frontier in the automotive world.

There are certainly uncertainties related to the impact that the current "coronavirus" emergency may have on the dynamics of the business mainly linked to the possibility that customer orders currently in the portfolio and/or being negotiated may be postponed, linked to the possibility of delays in the collection of credit positions already due, linked to the possibility of an impact on the production activity as well as on procurement and order fulfilment, even if at present the Group is suffering from a lack of skilled labour and thus making use of external support.

In any case, as also mentioned in previous meetings, the Group believes that it can deal with these situations with the financial resources available, also drawing on the credit lines currently in place. The Company will take into consideration any means at its disposal in the event of a negative impact.

Therefore, taking into account consolidated shareholders' equity of € 24,454,111, given the cash and cash equivalents of € 10,717,388 and the unused credit lines available to date, the results achieved in 2020 and those envisaged by the company plans in place which provide for an increase in profitability, and in the current order portfolio, as well as of the aforementioned safeguards which may be activated if necessary, despite the uncertainties set out above, the Directors consider it appropriate to use the going concern assumption to draft the Company's financial statements and those of the Group also because there have been no obvious problems to date.

The Explanatory Notes provide information relating to the illustration of the Consolidated Financial Statements at 31 December 2020; in this report we provide you with information concerning the Group's economic, equity and financial situation and information on the business trends.

COMPANY ORGANS

Board of Directors

Marco Corti	-	Chairman and Managing Director
Mario Pagani	-	Member of the Board
Aldo Alessandro Corti	-	Member of the Board
Carlo Corti	-	Member of the Board
Cesare Carbonchi	-	Member of the Board
Giacomo Maria Molteni	-	Member of the Board
Davide Corti	-	Member of the Board

In office until the approval of the 2020 balance sheet

Board of Auditors

Paolo Antonio Comuzzi	-	Head Auditor
Lucilla Dodesini	-	Statutory Auditor
Umberto Callegari	-	Statutory Auditor
Marzia Galli	-	Substitute Auditor
Cristiano Fracassi	-	Substitute Auditor

In office until the approval of the 2019 balance sheet

Auditors

Crowe Bompani Spa

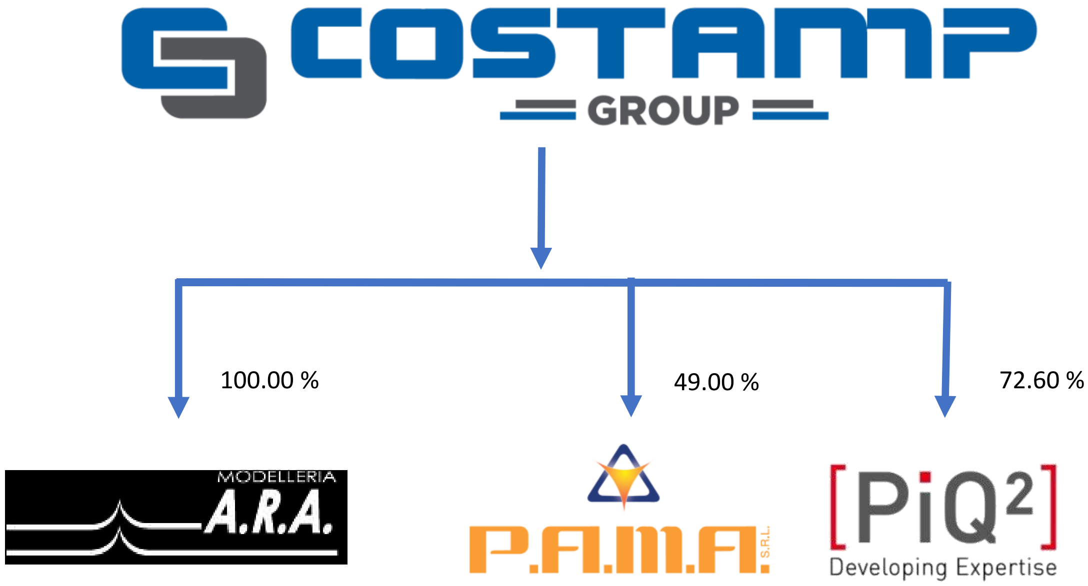
Appointed until the approval of the 2022 balance sheet

Nomad

Integrae Sim Spa

THE ORGANISATTIONAL STRUCTURE OF THE GROUP AT 31 DECEMBR 2020

At 31December 2020, the Group was structured as follows:



For the sake of completeness of information, note that Costamp Group S.p.A. also controls the company PiQ2 S.r.l. with a 72.60% shareholding; this company has a turnover of less than € 400,000 and carries out a completely different business activity compared to the parent company, since its business is software development. In addition, the Company holds a 49% shareholding in PAMA; this company has a turnover of approximately € 2.5 million, of which approximately € 1.0 million towards Group companies.

THE GROUP'S BUSINESS

Costamp Group's core business is based on the design and production of moulds, particularly for the automotive industry.

In addition to the production of moulds for aluminium and magnesium components for high pressure and the production of large thermoplastic moulds, the technology for the production of low-pressure moulds has been added. These technologies are not in competition with each other but synergistic.

The key to success is also the possibility of offering customers tested and functioning products ready for production, by sending production checks carried out at its plants.

ITALIAN AND INTERNATIONAL ECONOMY

The economic bulletin constitutes the first complete picture on the trend of the economy throughout 2020 and provides the most up to date forecasts for 2021.

The quarterly GDP trend highlights the depth of the recession that took place in the first and second quarter of 2020, followed by a recovery in the third quarter and a further recession in the fourth, in which quarterly GDP was still 9% lower than the starting level. The first quarter of 2021 is expected to continue with a slight decline, to then end 2021 at an even lower level of 4%. It will be necessary to wait until the end of 2023 to return to the GDP level of 2019.

The industrial production trend, which had already begun to slow down in the second half of 2019, in parallel with a slowdown in trade and international growth, showed a return to the levels of the pre-Covid months. This confirms that it is the service sector that is paying the price of the crisis.

The asymmetric impact of the crisis is confirmed. There is a deeply impacted segment of the population (the one linked to the sectors affected by the closures) and another that is holding up.

The trend is the same in terms of savings expectations: those lucky enough to increase their income in 2021 will be able to save; a sign of an economy blocked by fear. But there is also a strong tendency to save on the part of those whose income will be the same.

Fear of contagion stands out among the reasons for reducing costs, with a modest difference between regions in the red, orange or yellow zone. The containment measures undoubtedly have an impact and it is curious to note that even in the yellow area it has a significant relative weight.

This confirms the substantial ineffectiveness of the containment regime adopted. Be it yellow, orange or red, people have reduced their spending anyway.

<u>The situation regarding employment</u>

We should not only look at the unemployment rate, but also at the number of employees and hours worked. The hours worked are still far below the pre-Covid level, as are the employed. Indeed, there is a stronger recovery in the hours than in the number of employees.

The redundancy fund data is equally impressive: before Covid, it was about 10/20 million hours per month. In the spring peak it reached 700 million hours just for the ordinary fund. And still at the end of the year, there are about 200 million hours per month, a level 10 times higher than the pre-crisis level. This shows that the crisis has hit hard precisely in sectors with a very high intensity of employment such as tourism, cultural and recreational services.

These are the numbers that illustrate the work of the ECB: the previous APP program rose to 411 billion in purchases, in addition to 118 billion from the new PEPP program. 165 billion more (of which 150 held directly by the Bank of Italy) which practically met all the Treasury's net issuance needs.

The effect on spreads is impressive: from 18 March (the day of the start of the PEPP purchase program) the spread over the ten-year period has dropped by about 150 base points.

Households and businesses increased their bank deposits, preferring to hoard rather than spend. There is also an increase in bank loans to businesses (11 billion more, certainly not the billions announced in April).

The prospects for "growth" for the next three years: the figure of +3.5% in 2021 stands out, against the 6% still forecast by the government which, probably, will soon have to adjust its overly optimistic forecast. Investment and exports will be the main components that drive growth.

To finish, a very relevant fact. The net foreign credit position, i.e. the difference between financial assets held by residents abroad and financial assets held by non-residents in Italy, finally became positive at the end of the third quarter of 2020.

It is a fact that confirms the absence of dependence on the part of foreign lenders, who could always hastily flee, putting the country in difficulty. It is also the confirmation of the mass of financial assets set up abroad by Italians thanks to the liquidity generated with the public securities purchase program and is also the result of the accumulation of an important trade surplus in relation to other countries. a phenomenon that has been happening since 2012.

SIGNIFICANT FACTS OF THE 2020 FINANCIAL YEAR

PROPERTY PURCHASES

In the first half of the year, the purchase of industrial property located in Sirone (LC), was concluded on 22 January 2020 in the amount of € 1,750,000.00 for which an unsecured loan was signed for € 1,225,000.00 with Banca Popolare di Sondrio, while the remainder was financed using cash.
This property borders the current production area, hence the importance and strategic nature of the purchase that will allow Costamp to improve its production and logistics flow.

ALUNEXT SRL

In 2020, the company announced an important agreement for the creation of a joint venture, through the establishment of Alunext S.r.l. ("Alunext"), which will have the strategic objective of integrating the technological expertise of the Costamp Group's Foundry Business Unit with an industrial, technical and commercial track record, as better highlighted and explained in the section below "significant events 2020"
Alunext was established on 18 December 2020, through the transfer of its Foundry Business Unit - operating with its multiple HPDC and LPDC technologies and with the new Low-Pressure Forging (LPF) technology, which will be subject to further developments in the automotive sector. The transfer will take effect from 01 January 2021.
Through the innovative LPF process for the production of high-quality components made of aluminium alloys, it will be possible to produce complex components with high mechanical properties in extremely shorter cycle times than current low-pressure technologies. The advanced LPF technology, with low pressure filling and final forging in the solidification phase, is a significant milestone for the automotive industry that requires high quality series production.
The transaction will allow us to operate jointly through Alunext and in synergy in the aluminium casting foundry sector, pooling assets and technological capabilities with technical, industrial and commercial know-how in the automotive sector.
The joint initiative is part of the Costamp Group's growth and investment strategy, as a differential element to accelerate the increase in the Group's profitability and solidity.
The industrial alliance is based on the intention to provide the national and international market with a single reference point through the contribution of two highly specialised players in the automotive industry, able to integrate strong industrial expertise in the foundry field with in-depth knowledge of techniques and a high capacity for commercial penetration. This combination will ensure a turnkey service and specific know-how at all levels of the automotive supply chain for the large pool of established and potential customers. Alunext, in particular, also intends to get involved in the Premium Cars market, synergistically integrating technical and technological skills.

OPERATING PERFORMANCE BALANCE SHEET, FINANCIAL AND ECONOMIC SITUATION OF THE COSTAMP GROUP AT 31/12/2019

The Group drafted the Consolidated Financial Statements in accordance with the International Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union, as well as the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005. IFRS also includes the International Accounting Standards ("IAS") that is still in force, as well as all the interpretative documents issued by the IFRS Interpretation Committee, previously called the International Financial Reporting Interpretations Committee ("IFRIC") and before that the Standing Interpretations Committee ("SIC").
The Group uses alternative performance indicators, which are not identified as accounting measures under IFRS, to allow a better understanding of the Group's performance, the profit achieved and the financial situation; for these reasons, a reclassification statement of the Balance Sheet and Profit and loss account is provided below.

OPERATING PERFORMANCE

Economic – income situation

EUR	**31/12/2020**		**31/12/2019**	
Revenues from sales and services	50,081,296		56,668,288	
Other income	1,186,923		1,678,316	
Total production value	**51,268,219**		**58,346,605**	
Production costs	-31,153,890		-36,266,364	
Other management charges	-404,307		--538,748	
VALUE ADDED	**19,710,022**	38.44%	**21,541,492**	36.91%
Staff costs	-14,220,278		-15,869,790	
EBITDA	**5,489,744**	10.71%	**5,671,702**	9.72%
Depreciation and write-downs	-3,645,562		-3,616,990	
PROFIT (LOSS) (EBIT)	**1,844,182**	3.60%	**2,054,712**	3.52%
Financial income and expenses	-954,195		-927,383	
PRE-TAX PROFIT	**889,987**		**1,127,329**	
Tax on operating income	-114,532		-209,886	
PROFIT (LOSS)	**775,455**		**917,443**	

The revenue from the sales and services item includes the internal production item that refers to the change in contract work in progress.

Production costs consist in the costs for goods and services.

Performance indicators

The performance indicators give an understanding of the situation, performance and operating profit of the above-mentioned company.

The performance indicators taken into consideration will be:

- financial result indicators;
- non-financial result indicators.

These will be quantitative measures that reflect the company's critical success factors and measure progress related to one or more objectives.

Financial profit indicators

The term financial result indicators defines the performance indicators which are "constructed" from the information contained in the financial statements and can be divided into:

- income indicators;
- economic indicators;
- financial indicators;
- solidity indicators;
- solvency (or liquidity) indicators).

Income indicators

The following table summarises the indicators that can be calculated from the general accounts as summarised in the table referred to in the previous point, which are able to enhance the information already contained in the financial statements.

Description of the ratio	31/12/2020	31/12/2019
Revenue	47,709,956	55,435,332
Production value	51,268,218	58,346,605
Pre-tax profit or loss	889,987	1,127,329

The operating production value, of € 51,268,218 highlights the result achieved in terms of productivity.

The net profit was € 775,445. For a more appropriate interpretation of this result refers to what has already been mentioned in the introduction, both from a production and managerial point of view.

The intermediate income margins are shown below, with regard to the calculation of the Normalized Ebit, calculated as the operating profit net of the ancillary area and the financial profit (net of financial charges) and the Full Ebit, determined by the Normalized EBIT net of the result of the extraordinary items.

Description of the ratio	31/12/2020	31/12/2019
Gross operating margin (EBITDA)	5,489,744	5,671,702
Operating profit (EBIT)	1,844,182	2,054,712

Economic indicators

The following table summarises some of the main economic indicators used to measure economic performance:

Return on common equity (ROE) is a return on equity ratio. It expresses the company's economic results. It is a percentage ratio for which the net income (RN) produced is compared to the net capital (CN) or equity of the financial year.

The ROI (return on investment) is a balance sheet ratio that indicates the profitability and economic efficiency of the characteristic operations regardless of the sources used: that is, it expresses the return on the capital invested in the company.

Ros is the average operating result per unit of revenue. This ratio expresses the company's profitability in relation to the remunerative capacity of the revenue stream.

Description of the ratio	31/12/2020	31/12/2019
Net ROE - (Return on Equity)	3.17	3.89
ROI - (Return on Investment)	2.68	3.25
ROS - (Return on Sales)	3.68	3.63

Financial indicators

Note that the company is adequately capitalized and proves to be able to maintain a financial equilibrium in the medium to long term, therefore no indications are necessary in this specific case.

ANALYSIS OF BALANCE SHEET AND FINANCIAL BALANCES

In order to check the company's ability to meet its commitments, it is necessary to examine the company's financial strength. To this end, it is appropriate to re-interpret the statutory balance sheet according to a "financial" logic. The financial balance sheet is shown below:

Euros	**31/12/2020**	**31/12/2019**
Intangible assets	9,974,118	9,748,224
Tangible fixed assets	39,888,955	39,580,204
Real estate investments	2,136,829	2,194,707
Financial fixed assets	506,570	496,570
A) Total net fixed assets	**52,506,472**	**52,019,705**
Inventories	17,494,358	14,486,653
Receivables from customers	13,990,934	14,047,997
Receivables from others (including deferred tax assets)	3,395,373	3,716,691
Other operational activities	86,411	83,912
Trade payables	-14,561,712	-16,690,630
Other debts	-10,753,626	-9,213,591
Deferred tax liabilities	-3,869,402	-4,195,102
Fund for risks and charges	-183,581	-76,984
B) Total working capital	**5,598,755**	**2,158,944**
C) INVESTED CAPITAL (A+B)	**58,105,227**	**54,178,649**
D) EMPLOYEE SEVERANCE PAY	-1,488,536	-1,484,154
E) NET CAPITAL REQUIREMENT (C+D)	**56,616,691**	**52,694,496**
covered by		
F) OWN CAPITAL	**-24,454,111**	**-23,614,877**
Share capital	-2,130,272	-2,130,272
Reserves	-20,868,294	-20,634,073
Results carried forward	-680,091	66,911
Operating result	-775,454	-917,443
G) NET FINANCIAL POSITION	**-32,162,580**	**-29,079,619**
Medium/long term financial debt	-28,353,235	-17,237,433

Short-term financial payables	-14,526,733	-18,364,508
Cash and cash equivalents	10,717,388	6,522,320
H) TOTAL AS IN "E" (F+G)	**-56,616,691**	**-52,694,496**

Some aspects are highlighted below:

Net invested capital

Net invested capital is the sum of net working capital and net characteristic fixed assets. This magnitude expresses the capital invested by the company in its typical business activity.

Net working capital

The operating capital indicates the capital invested by the company in its typical business activity, net of liabilities relating to the characteristic business activity of the company.

Net working capital is the difference between trade receivables, warehouse stocks and trade payables.

Net operating working capital indicates the capital invested by the company in its typical business activity, net of liabilities relating to the characteristic business activity of the company.

From the result it is possible to judge the financial structure of the company; the lower the working capital, the lower the financial requirement and the absorption of cash, and therefore a reduction in the CCN may be a real internal source of financing, allowing the release of cash resources for other activities.

Use	31/12/2020
Inventories	17,494,358
Trade receivables	13,990,934
Trade liabilities	-14,561,712
Trade Working Capital	16,923,580
Other current assets and sundry receivables	2,572,107
Other current liabilities and sundry payables	-10,753,626
Tax credits for the year	16,854
Tax payables for the year	0
Other items of Net Working Capital	-8,164,665
Commercial Net Working Capital	8,758,915

Net financial debt

Net financial liabilities is the difference between the financial liabilities (current and non-current financial liabilities) and assets (cash and other financial assets); depending on the prevalence of assets or liabilities, the net financial debt will be negative or positive respective.

NET FINANCIAL DEBT	2020	2019
Non-current financial liabilities	28,353,235	17,237,431
Current financial liabilities	14,526,733	18,364,508
Cash and cash equivalents	- 10,717,388	- 6,522,320
	32,162,580	29,079,619

Investments

The main investments made by the Group refer to the acquisition of tangible fixed assets, mainly concentrated in specific plants and machinery intended for manufacturing and improvements to buildings.

Solidity indicators

The capital solidity analysis aims to study the Group's ability to maintain medium to long term financial equilibrium.

That ability depends on the:

- methods of financing medium-long term loans;
- composition of funding sources.

In relation to the first aspect, considering that the recovery time of the loans must be "logically" related to the recovery time of the sources, the following are the indicators deemed useful to highlight this correlation:

Description of the ratio	31/12/2020	31/12/2019
Primary structure margin	- 28,942,511	- 29,523,447
Primary structural quotient	0.46	0.44
Secondary structure margin	- 4,952,242	- 6,529,776
Secondary structure quotient	1.09	0.88

The main structural margin is given by the difference between shareholders' equity and fixed assets.

The main structural quotient is given by the ratio between shareholders' equity and fixed assets.

The secondary structure margin is given by the difference between shareholders' equity plus consolidated liabilities and fixed assets.

The secondary structure quotient is given by the ratio between shareholders' equity plus consolidated liabilities and fixed assets.

With reference to the second aspect, namely the composition of the sources of financing, the following are the useful indicators:

Description of the ratio	31/12/2020	31/12/2019
Total debt ratio	3.02	2.85
Financial debt ratio	1.75	1.51

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Solvency (or liquidity) indicators

The purpose of the liquidity analysis is to study the Group's ability to maintain the short-term financial equilibrium, in other words the ability to face the expected short-term results (current liabilities) with the existing liquidity (immediate liquidity) and the expected revenue for the short term (deferred liquidity).

Considering that the recovery time of loans must be "logically" related to the recovery time of sources, the following are the indicators deemed useful to highlight this correlation:

Description of the ratio	31/12/2020	31/12/2019
Availability margin	4,952,242	- 6,529,777
Availability ratio	1.12	0.85
Treasury margin	- 12,542,116	- 21,016,430
Treasury quotient	0.68	0.53

ECONOMIC SITUATION OF THE COSTAMPGROUP S.P.A. GROUP AT 31/12/2020

For a better understanding of the Group's economic results, the comparative consolidated profit and loss account is shown below.

Description	31/12/2020 consolidated	31/12/2019 consolidated
Revenues from sales and services	50,081,296	56,668,288
Other income	1,186,923	1,678,316
Total operating revenues	**51,268,218**	**58,346,605**
Costs for goods and services	31,153,890	36,266,364
Cost of labour	14,220,278	15,869,790
Depreciation and write-downs	3,645,562	3,616,990
Other costs and charges	404,307	538,748
Total operating costs	**49,424,037**	**56,291,893**
Profit or loss	**1,844,181**	**2,054,712**
Financial charges	-852,852	-928,818
Financial income	4,295	1,435
Extraordinary income and costs	-105,638	0
Adjustment of equity investments in the PN method	0	0
Taxes for the year	-114,532	-209,886
Profit (loss) for the year	**775,455**	**917,443**

BALANCE SHEET, FINANCIAL AND ECONOMIC SITUATION OF THE PARENT COMPANY COSTAMP GROUP S.P.A. AT 31/12/2020

PROFIT AND LOSS ACCOUNT

Euros	**31/12/2020**	**31/12/2019**
Revenues from sales and services	49,171,009	55,744,753
Other income	1,163,751	1,652,967
Total production value	**50,334,760**	**57,397,720**
Production costs	-31,170,589	-36,300,622
Other management charges	-390,439	-519,533
VALUE ADDED	**18,773,732**	**20,577,565**
Staff costs	-13,719,826	-15,348,861
EBITDA	**5,053,906**	**5,228,704**
Depreciation and write-downs	-3,290,497	-3,334,414
PROFIT (LOSS) (EBIT)	**1,763,409**	**1,894,290**
Financial income and expenses	-937,250	-904,567
Write-downs of financial assets	0	0

PRE-TAX PROFIT	**826,159**	**989,723**
Tax on operating income	-127,769	-242,721
PROFIT (LOSS)	**698,390**	**747,002**

The parent company's turnover was € 49.171.009 and the operating production value was € 50.334.760.

BALANCE SHEET

Euros	**31/12/2020**	**31/12/2019**
Intangible assets	9,313,062	9,079,672
Tangible fixed assets	38,634,643	38,074,485
Real estate investments	2,136,829	2,194,707
Financial fixed assets	1,834,758	1,824,758
A) Total net fixed assets	**51,919,292**	**51,173,622**
Inventories	17,435,120	14,424,616
Receivables from customers	13,992,382	13,810,796
Receivables from others (including deferred tax assets)	3,119,475	3,481,600
Other operational activities	83,740	81,240
Trade payables	-15,164,771	-16,850,055
Other debts	-10,445,648	-8,956,307
Deferred tax liabilities	-3,869,402	-4,179,807
Fund for risks and charges and taxes	-183,581	-118,094
B) Total working capital	**4,967,315**	**1,693,989**
C) INVESTED CAPITAL (A+B)	**56,886,607**	**52,867,611**
Share capital	-1,385,902	-1,398,626
E) NTE CAPITAL REQUIREMENT (C+D)	**55,500,705**	**51,468,985**
Covered by		
F) OWN CAPITAL	**-23,834,831**	**-23,072,660**
Share capital	-2,130,272	-2,130,272
Reserves	-21,006,169	-20,195,386
Reserves carried forward		
Profit (loss) for the financial year	-698,390	-747,002
G) NET FINANACIAL POSITION	**-31,665,874**	**-28,396,325**
Medium / long term financial debt	-27,665,241	-16,402,445
Short-term financial payables	-14,364,005	-18,206,897
Cash and cash equivalents	10,363,372	6,213,017
H) TOTAL AS IN "E" (F+G)	**-55,500,705**	**-51,468,985**

The Parent Company's shareholders' equity at 31 December 2020 was € 23,834,831, and the net financial position was € -31,665,874.

MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED

The Group is exposed to the normal risks and uncertainties typical of a business activity.

The markets in which the Group operates are world markets in many niche cases and therefore of limited size, and with few significant competitors; these characteristics are an important barrier to the entry of new competitors, due to the significant investments (also in highly qualified human resources) to achieve economic returns not adequate for a start-up effort.

The Group's exposure to financial risks did not undergo significant changes in 2020.
The following is a description of the financial risk factors to which the Group is exposed:

Market related risks

The entire world market continues to be subject to a succession of particularly significant events. After "dieselgate", which broke out at the end of 2015, was partially overcome, the additional events were the USA tariff increases, the US-CHINA trade tensions and, lastly, Brexit.
These factors have contributed to a general slowdown in the whole economy, which is however acting intensely in various industries. In this scenario, the automotive industry is not immune, marking a slowdown in growth during 2019, and which will probably also persist during 2020, with an outcome that is difficult to imagine.
In any case, beyond phenomena related to individual continents, there remains the automotive industry's need to increasingly promote the construction and use of infrastructures and vehicles with low environmental impact, fuelled with the greatest possible contribution of renewable sources.
Although the Group has increased its ability to penetrate the world market in recent years, also through new technologies, in order to be ready to seize the opportunities that the evolution of the market will offer, it cannot in any case be excluded that these global phenomena could result in a negative impact on the business and its growth prospects.
Taking into account what we have reported in the introduction, with reference to the "coronavirus", the management is absolutely confident, taking into account the current data in its possession, that the company is able to face any problems foreseeable to date.

Risks associated with customer concentration and the management of relationships on an order basis

In 2020 the Group made 50% of its turnover with 10% of its customers.
Three significant categories can be identified among the Group's customers:

a) the first, including ten main customers who made up 50% of the Group's turnover (i.e. half of the Group's overall turnover);
b) the second, including a further twelve main customers who made up a total of 25% of the Group's turnover (more or less equally distributed);
c) the third, including other minor customers who made up a total of 25% of the Group's turnover.

Although the concentration of turnover in the hands of a few customers is a risk for the Group, it should be noted, however, that the consolidation of stable and long-lasting business relationships over the years has led to a strong loyalty among these customers. Furthermore, it should be noted that the number of competitors the Group has is extremely reduced, even considering the whole world.
Regarding the "coronavirus", given the vast diversification of customers, considering the current conditions the management does not consider there to be any risk. Please refer to the content of the introduction.

Risks related to the contractual conditions and to the times and methods of payment of the customers

The supply relationships that exist between the Group and its customers are governed by the customers' general purchasing conditions which, in addition to not being negotiable, have notably serious consequences for the Group.
Although this circumstance is customary in the automotive industry, it should be noted, in particular, that all the above-mentioned general conditions give the Company's main customers ample opportunity to terminate supply contracts that have already concluded (already signed but not yet fulfilled), as well as

temporary suspension of already scheduled deliveries and/or cancellation or modification, at any time, of orders already placed without incurring any liability, but with the possibility of obtaining the restitution of the accrued margin.
The risk is mitigated by the fact that the products supplied by the Group are strategic and essential to the buyers' production cycle since they represent the initial link in the production of a new engine.
The suspension or cancellation of an already planned order would in fact result in a slowdown or even stoppage of the launch of a new vehicle on the market.
Also for this reason, the supply relationships between the Group and its main customers are long-term relationships which, in addition to never having generated any disputes, are supported by a very strong fiduciary bond, testified by the practice according to which orders are often formalised close to the delivery date, when the important co-design phase between the Group's technical department and those of the customers has ended.
As far as the "coronavirus" is concerned, the risk that could arise is the request by some customers to delay payments, caused by a slowdown and/or temporary stoppage of their production. In this regard, management is assessing all the risks associated with these possibilities and is carrying out an assessment of the facilities made available by government bodies.

<u>Risks associated with exchange rate trends</u>
The Group operates mainly on international markets and is therefore exposed to exchange rate risks related to the countries where its customers are located.
In 2020 about 59.00% of its turnover was in Italy.
The remaining 41.00 % of turnover derived from commercial transactions concluded in the rest of Europe (25.00%), in Central and North America (i.e. in Mexico and the USA, 15.00%) and in Asia (i.e. India and China for the remaining 1.00%).
In 2020, the total amount of trade flows directly exposed to an exchange rate risk was equivalent to approximately 2% of the Group's turnover, only for Nemak Usa.
For this reason, the Group did not use specific exchange rate hedging instruments in 2020.
With regard to the "coronavirus" factor, it is not believed that this will have an impact on this risk assessment, given the small amount managed in foreign currency.

<u>Risks associated with the debt structure and the change in interest rates</u>
The Group obtains its financial resources from the flows deriving from the operational management of the company, the traditional banking channel, the usual medium/long-term financing instruments, mortgages and credit lines.
As of 31 December 2020, the Group has a financial debt of approximately 42.879 thousand Euros.
Based on the business model implemented by the Group, this indebtedness is used in part to finance working capital and in part to finance investments that have already been made.
The underlying loan agreements provide terms and conditions in line with market practice.
In particular, these contracts provide for ***i)*** the usual disclosure and prior authorisation obligations for significant changes to the shareholding structure or the Articles of Association which, if not complied with, give banks the right to terminate the contract, ***ii)*** the usual clauses regarding forfeiture of the benefit of the term and the termination clauses relied on upon the occurrence of prejudicial events for the contracting Company (such as judicial proceedings, executive or insolvency procedures and to corporate events that negatively affect the Company's financial position), ***iii)*** related covenants compliance with financial indicators and/or commercial relationships (in regard to three contracts).

As of today, all the envisaged commitments have been complied with, except for the covenants referred to in point iii) above on two loan agreements, the effects of which have been detailed in note 16 of the attached notes.
The effect of the "coronavirus" is not believed to have an impact on this risk assessment, bearing in mind the trend in interest rates and adopted national and international policies. If the need arises, the Group may, on the one hand, evaluate the wider use of existing credit lines that are not fully used, and on the other hand, in accordance with the banking system, consider the financial measures provided for by existing government decrees and decrees soon to be issued.

Liquidity risks
Management believes that the funds and credit lines that are currently available, in addition to the resources that will be generated from operating and financing activities, will allow the Group to meet the needs arising from investment, working capital management and redemption activities of the debts at their natural maturity, as well as ensuring the continuation of a growth strategy also through targeted acquisitions that can create value for the shareholders.
Cash and cash equivalents at 31 December 2020 amounted to 10.7 million.
The latter, and the cash flow from the operating activities that the Group will be able to carry out, are without doubt factors that allow the Group's exposure to liquidity risk to be reduced.
As far as the "coronavirus" effect is concerned, significant requests for payment extensions may emerge from customers which could consequently turn into a liquidity risk for the company. In this regard, management is assessing all the risks associated with these possibilities and, if necessary, will take advantage of any facilities made available by government bodies, also assessing any remodelling and extension of the credit lines in place with the banks. Discussions are already taking place with the banks.

BUSINESS OUTLOOK

Following the merge with Modelleria Brambilla S.p.a. the Group is continuously improving, seeking to improve the production synergy of the production sites in Sirone (Lc), Rivalta di Torino (TO) and Correggio (RE), with the recovery of internal efficiency, as well as experimenting with new technologies. However, these production centres are interchangeable for production purposes for a better and more efficient rationalisation of the entire design and manufacturing system.
We have also broadly explained the coronavirus phenomenon and we also say that as regards the growth programmes for external lines, we will also try to consolidate relationships with current partners.

Information relating to relations with staff

With regard to this point, it should be noted that the information provided is intended to make people understand the ways in which the relations between the Group and the people with whom it collaborates are carried out.

Staff composition:

NUMBER OF EMPLOYEES	31/12/2020	31/12/2019
Senior executives	1	2
Cadres (junior executives)	14	15
Employees	87	85
Workers	148	158
Apprentices	12	11

Modelleria Ara staff	12	12
total	274	283

Research and development

During the 2020 financial year, the Parent Company carried out activities that are included among those attributable to the eligibility criteria provided for by Law 160/2019, and in this sense, it dedicated a significant commitment of its resources to the realisation of the projects described below, carried out in the plant in Sirone (LC) and Correggio (RE), called:

Project 1 - Study and experimental development activities in the context of the development of software systems and high efficiency and reliability in the context of industrial process simulations.

Project 2 - Study and development activities aimed at the experimental application development of innovative technological solutions in the context of the functionalities derived from PUZZLE DIE construction methodologies

Project 3 - Study and development activities aimed at defining and testing new technological solutions within the "Metal additive for Lombardy" project

Project 4 - Study and development activity aimed at the characterisation and experimentation of new technological solutions using the LPF process

Project 5 - Technical study activity aimed at defining and characterising innovative passive evacuation systems for low pressure moulding.

It is hoped that the positive outcome of these innovations can generate good results in terms of turnover with favourable repercussions on the company's economy.

For R&D activities, the company intends to take advantage of the tax credit provided pursuant to Law 160/2019 art. 1 section 198/209 as amended by Law 178/2020 art.1 section 1064.

Relations with subsidiaries, associates, parent companies

Changes in receivables and payables to parent companies, affiliates and subsidiaries.

RAPPORTI ENTITA' CORRELATE ANNO 2020	Crediti Commerciali	Crediti Finanziari	Altri Crediti	Debiti Commerciali	Debiti Finanziari	Altri Debiti
Pa.ma Srl	-	-	-	383.220	-	-
PiQ2 Srl	-	80.000	-	-	-	-
Costamp Srl	31.818	-	416.418	2.052	4.772	-
Alunext Srl	-	-	948	-	-	-
totale	31.818	80.000	417.366	385.272	4.772	-

Volume of costs and revenue relating to trade in goods and services with parent companies, affiliates and subsidiaries.

VOLUMES	Costs	Revenue
Subsidiaries	1,339,156	299,510
Affiliates	811,020	36,800

total	2,150,176	336,310

In regard to transactions with related parties, this is the production support activity by the company Pa.ma S.r.l., for the construction of mould housings.

List of locations

The Parent Company operates from the following locations:

Sirone Via Verdi no. 6 Lecco (LC), registered office and operational headquarters

Rivalta di Torino, Via Coaze no.25 Turin (TO), operational headquarters.

Correggio, Via del Progresso no. 1 and 3 Reggio Emilia (RE), operational headquarters.

Own and Group shares

At 31 December 2020 the Parent Company holds 54,753 treasury shares (equal to 0.13% of the share capital) purchased for a total value of € 230,345.32 for an average value of € 4.21 per share.

SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

In addition to the explanations in the introduction and in the "Significant events in the year 2020" section, it should be noted that:

On 29 January 2021, the industrial alliance dedicated to the production of aluminium alloy castings through Low Pressure Forging (LPF) technology was finalised with Streparava S.p.A., an international player in the supply of components and systems for powertrains and chassis. Streparava acquired 51% of Alunext Srl, newly formed by Costamp Group, for the overall amount of 4,500,000 Euros, through the transfer of its Foundry Business Unit, which includes multiple HPDC and LPDC technologies as well as the new LPF technology.

On 24 February 2021, the Costamp Group Board of Directors approved the project for a partial proportional demerger ("Demerger") in favour of a newly established company called Costamp Real Estate S.p.A. ("Costamp Real Estate"), whose exclusive purpose will be real estate activities. Costamp Real Estate shares will not be admitted to trading on AIM Italia. The Demerger transaction in question is aimed at dividing the operational activities carried out by the Group headed by Costamp Group with respect to the real estate complex, bringing all the elements of its real estate assets, consisting of industrial buildings, and the related liabilities, in favour of a newly established company, so as to develop the two activities in the best possible way and optimise the management of the real estate complex and the costs associated with its administration and security. This transaction aims to obtain efficiency in terms of the logistics and related costs.

With regard to the timing of the Demerger, an extraordinary shareholders' meeting was called to resolve on the matter, in an extraordinary session, on 2 April 2021 for the first call, and on 6 April 2021 for the second call. The Demerger transaction is expected to be completed within the first half of 2021.

On 2 March 2021 the project for the partial proportional demerger of Costamp Group in favour of Costamp Real Estate was registered with the Como - Lecco Company Register pursuant to art. 2501-ter, section 4, of the Italian Civil Code and 2506-bis, section 5, of the Italian Civil Code.

On 11 March 2021 the Costamp Group Board of Directors approved a preliminary agreement with Co.Stamp S.r.l., as the future majority shareholder of Costamp Real Estate, with which Co.Stamp S.r.l.

undertook to ensure that the leasing of some properties will be attributed to Costamp Real Estate in the context of the Demerger. The Lease Agreement will be concluded as soon as possible following the signing of the demerger deed. The lease agreement between Costamp Real Estate, as the lessor, and Costamp Group, as the tenant, will concern specific properties or parts of properties assigned to Costamp Real Estate, in which Costamp Group carries out its production activity. The Preliminary Agreement for the lease, lasting two years, renewable from year to year unless cancelled, provides for the payment of a fee for the lease by Costamp Group in the mount of 791,820.00 Euros.

On 12 March 2021, since the articles of association of Costamp Real Estate will result in a significant change in the business of Costamp Real Estate for its shareholders compared to that of the Costamp Group, pursuant to art. 2437, section 1, letter a), of the Italian Civil Code, the Board of Directors, taking into account the provision of art. 2437-ter of the Italian Civil Code, having acknowledged the opinion of the Board of Statutory Auditors and Crowe Bompani S.p.A. (as the party in charge of the statutory audit of the accounts), has set the unit liquidation value, referring to the shares that would be issued in their favour with regard to Costamp Real Estate, as a result of the aforementioned exchange ratio. The holders of Costamp Group ordinary shares who did not take part in the resolution approving the Demerger will be able to exercise the right of withdrawal in relation to the part of their investment in Costamp Group destined to be transformed into an investment in Costamp Real Estate, for all or part of the shares that would be issued in their favour with reference to Costamp Real Estate, pursuant to art. 2437-bis of the Italian Civil Code, no later than 15 (fifteen) calendar days from registration in the Register of Companies of the shareholders' resolution approving the Demerger Plan, which will be communicated by the Company.

Profit or loss

Based on the above, the proposal to allocate the operating profit amounting to € 698.390 as follows:

- € 698.390 for profit carried forward.

Based on the indications that have been provided, we invite you to approve the financial statements closed on 31/12/2020 and the above proposed allocation of the profit.

Sirone, 29 March 2021

FOR THE BOARD OF DIRECTORS

The Chairman MARCO CORTI

The undersigned Dr. Ripamonti Fabio, pursuant to article 31(2)-quinquies of Law 340/2000, declares that this document complies with the original filed at the company’s premises.

FABIO RIPAMONTI

Stamp duty paid virtually through the Chamber of Commerce of LECCO - LC: aut. AGEDRLOM no. 0156525 of 07.11.2018.

COSTAMP GROUP S.P.A.

Registered office - Via Verdi no. 6 - 23844 - Sirone (LC)

Share capital 2.130.272 fully paid up

Tax Code and VAT number 01763310354

CONSOLIDATED BALANCE SHEET AT 31/12/2020

CONSOLIDATED FINANCIAL POSITION STATEMENT

	Note	31/12/2020	31/12/2019
Assets			
Non-current assets			
Real estate, plant and machinery	1	39.888.955	39.580.204
Intangible fixed assets	2	9.974.118	9.748.224
Real estate investments	3	2.136.829	2.194.707
Shareholdings	4	506.570	496.570
Long-term financial assets	5	80.000	80.000
Tax assets paid in advance	6	806.412	1.037.380
Other non-current assets	4	3.740	1.240
Total non-current assets		**53.396.623**	**53.138.324**
Current assets			
Inventories	7	17.494.358	14.486.653
Trade receivables	8	13.990.934	14.047.997
Receivables for income taxes	9	16.854	32.956
Other receivables and current assets	10	2.572.107	2.646.355
Short-term financial assets	11	2.672	2.672
Cash availability	12	10.717.388	6.522.320
Total current assets		**44.794.313**	**37.738.952**
Non-current assets held for sale	**13**	**0**	**0**
Total assets		**98.190.936**	**90.877.277**
Net equity and liabilities			
Net worth			
Share capital		2.130.272	2.130.272
Other provisions		20.868.294	20.634.073
Profit brought forward		680.091	-66.911
Financialyear profit		775.454	917.443
Net worth		**24.454.112**	**23.614.877**
Liabilities			
Non-current liabilities			
Employee benefits	14	1.488.536	1.484.154
Long-term financial liabilities	15	183.581	76.984
Long term financail liabilities	16	28.353.235	17.237.431
Deferred tax liabilities	6	3.869.402	4.195.102
Total non-current liabilities		**33.894.753**	**22.993.671**
Current liabilities			
Trade payables	17	14.561.712	16.690.630
Income tax payables		0	0
Other current payables and liabilities	18	10.753.626	9.213.591
Short-term financial liabilities	16	14.526.733	18.364.508
Total current liabilities		**39.842.071**	**44.268.729**
Total net worth and liabilities		**98.190.936**	**90.877.277**

CONSOLIDATO BALANCE SHEET AT 31/12/2020

PROFIT AND LOSS ACCOUNT

	Note	31/12/2020	31/12/2019

Revenues from sales and services	1	50.081.296	56.668.288
Other revenue	2	1.186.923	1.678.316
Total operating revenue		**51.268.218**	**58.346.605**
Costs for goods and services	3	-31.153.890	-36.266.364
Cost of labour	4	-14.220.278	-15.869.790
Depreciation and write-downs	5	-3.581.293	-3.551.975
Net reinstatement/write-down of receivables		-64.269	-65.015
Other costs and charges	6	-404.307	-538.748
Total operating costs		**-49.424.037**	**-56.291.893**
Risultato operativo		**1.844.181**	**2.054.712**
Financial charges	7	-852.852	-928.818
Financial income	7	4.295	1.435
Net reinstatement/write-down of equity investments	7	0	0
Extraordinary income and costs	7	-105.638	0
Taxes for the financial year	8	-114.532	-209.886
Profit (loss) for the year		**775.455**	**917.443**

OVERALL CONSOLIDATED PROFIT AND LOSS ACCOUNT		
	31/12/2020	31/12/2019
Profit (loss) for the financial year	775.455	917.443
Items not to be reclassified in the Profit/Loss statement for the financial year		
Actuarial profit/(loss) from end of service severenace pay	59.372	-403.769
Profit (loss) derived financial instruments	24.550	
Taxes on items brought directly to, or transferred from the net worth	-20.141	79.302
Total other components of comprehensive income	**839.236**	**592.976**
TOTAL COMPREHENSIVE INCOME STATEMENT FOR THE FINANCIAL YEAR	**839.236**	**592.976**

STATEMENT OF CHANGES IN CONSOLIDATED NET WORTH

Total Net Worth	**share capital**	**other reserves**	**results**	**total**
Balance 31 December 2019	2.130.272	20.567.162	917.443	23.614.877
Total profit and loss account		0	775.455	775.455
Dividends		0	0	0
Fair value variance derived financial instruments		18.658	0	18.658
* change in IAS 19 provision		45.122	0	45.122
Balance 31/12/2020	**2.130.272**	**20.630.942**	**1.692.898**	**24.454.112**

* the item includes the actuarial profit or loss of the end of service severance pay

FINANCIAL STATEMENT	**31/12/2020**	**31/12/2019**
Pre-tax profit	**899**	**1.127**
Adjustments for:		
Depreciation of:		
- intangible asets	564	612
- tangible assets	3.010	2.937
Impairment losses/(recoveries)	69	69
Funds for risks and charges		
Financial (Income)/charges	853	927
(Gains)/Losses and other non-monetary items	-17	121
Cash flow from operating activities before changes in net working capital		
Increase/(Decrease) benefits for employees	65	-458
(Increase)/Decrease in inventories	-3.007	-1.242
(Increase)/Decrease in trade receivables	57	-6.148
(Increase)/Decrease in other assets/liabilities and assets/liabilities for prepaid/deferred taxes	1.596	1.025

Increase/(Decrease) in trade payables	-2.129	1.777
Dividends collected		
Interest income and other financial revenue received	13	73
Interest payable and other financial charges paid	-861	-1.000
Use of provisions for risks and charges and bad debt provision		
Taxes paid	-148	-6
Cash flows from operating activities (a)	**964**	**-186**
Net investments in intangible assets	-790	-1.106
Net investments in tangible assets	-3.244	-2.096
Net costamp integration operation fund		
Net investments in shares	-10	-850
(Increase)/Decrease in other investment activities	-3	
Cash flows from investing/disinvesting activities (b)	**-4.047**	**-4.052**
Financial liabilities (new issuance of long term financing)	14.017	4.271
Financial payables repayments and other net changes)	-6.739	-666
Payments on capital accounts and contribution		
Dividends paid		
Cash flow from financing activities (c)	**7.278**	**3.605**
Effect of changes in exchange rates on cash and cash equivalents (d)		
Increase/(decrease) in cash and cash equivalents (a + b + c + d)	4.195	-633
Cash and cash equivalents at the beginning of the financial year	**6.522**	**7.155**
Cash and cash equivalents at the end of the financial year	**10.717**	**6.522**

For the Board of Directors

The Chairman MARCO CORTI

1.1.1

Located in Sirone, Via Verdi 6
Share capital 2,130,272.00 Euros
fully paid up
Tax Code 017663310354
Registered in the Lecco Register of Companies no. 01763310354
Economic and Administrative Repertory (R.E.A.) No. LC-325890

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CHIUSO CLOSED AT 31/12/2020

Introduction

Costamp Group S.p.A. carries out its business activity at its registered office in Via Verdi, 6 in Sirone (LC) and in the secondary offices in Via Coazze, 25 in Rivalta di Torino (TO) and in Via del Progresso, 1 and 3 in Correggio (RE).

In 2020, the Costamp Group announced an important agreement for the creation of a joint venture, through the establishment of Alunext S.r.l. ("Alunext"), which will have the strategic objective of integrating the technological expertise of the Costamp Group's Foundry Business Unit with its industrial, technical and commercial track record.
Alunext was established on 18 December 2020, through the transfer (effective from 1 January 2021) of its Foundry Business Unit, operating with its multiple HPDC and LPDC technologies and with the new Low Pressure Forging (LPF) technology, which will be subject to further developments in the automotive sector. The economic and equity effects of this transaction will take effect from 1 January 2021.
Alunext S.r.L. is 49% owned but in any case Costamp is not extraneous to the management of the same (without prejudice to the non-inclusion of the above-mentioned company in the consolidated financial statements) and the aim is to have greater management efficiency in a very important sector with reference to the technological aspects that we are going to describe below, given that the sale of 51% has brought a sum of 4.5 million Euros into the Costamp accounts (to be registered in the 2021 accounts).
Through the innovative LPF process for the production of high-quality components made of aluminium alloys, it will be possible to obtain complex components with high mechanical properties in extremely shorter cycle times than current low pressure technologies. The advanced LPF technology, with low pressure filling and final forging in the solidification phase, is a significant milestone for the automotive sector that requires high quality series production.
The transaction will allow us to operate jointly through Alunext and in synergy in the aluminium casting foundry sector, pooling assets and technological capabilities with technical, industrial and commercial know-how in the automotive sector.
The joint initiative with a specialised industrial operator is part of the Costamp Group's growth and investment strategy, as a differential element to accelerate the increase in the Group's profitability and solidity.
The industrial alliance is based on the desire to provide the national and international market with a single reference point through the contribution of two highly specialised players in the automotive industry, able to integrate strong industrial expertise in the foundry field with in-depth knowledge of techniques and a high capacity for commercial penetration. This combination will ensure a turnkey service and specific know-how at all levels of the automotive supply chain for the large pool of established and potential customers. Alunext, in particular, also intends to get involved in the Premium Cars market, synergistically integrating technical and technological skills.

In 2021, the Costamp Group launched the partial and proportional spin-off of Costamp Group of the real estate business unit that will be "conferred" by spin-off into Costamp Real Estate S.p.A.
This transaction is also part of the plan to increasingly focus the Group on its core business, removing the costs associated with the management of activities that are not its own.
The transaction started in 2021 and will be concluded in the same year and therefore no effects are seen as at 31.12.2020 but in any case the same must be reported considering that it leads Costamp Group to a reduction of the accounting net assets and liabilities that are transferred to the beneficiary that will arise following this transaction and which are recorded in the public and accessible documents relating to the above-mentioned transaction.

1. GENERAL INFORMATION

The obligation to draft these abbreviated consolidated half-year financial statements arises from the application of articles 18 and 19 of the AIM Italia Issuers Regulation which expressly provides for the prohibition of the application of exemptions from the obligation to draft the consolidated financial statements pursuant to article 27(1) of Legislative Decree 127/91.

2. CONSOLIDATION SCOPE

At 31 December 2020 the following is the Group's consolidation scope:

3. FORMAT AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Costamp Group have been drafted in compliance with the International Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union. "IFRS" also means the International Accounting Standards ("IAS") still in force, as well as all the interpretative documents issued by the IFRS Interpretation Committee, previously known as the International Financial Reporting Interpretations Committee ("IFRIC") and before that the Standing Interpretations Committee ("SIC").

The consolidated financial statements are composed of the statement of financial position, the profit and loss account, the comprehensive profit and loss account, the cash flow statement, the statement of changes in the equity accounts and the explanatory notes.

With regard to the presentation methods, note that:

- current and non-current assets and liabilities are shown separately in the balance sheet and financial position. Current assets that include cash and cash equivalents are those intended to be realised, sold or consumed in the company's normal operations. Non-current assets include positive balances with a realisation cycle beyond twelve months, including tangible, intangible and financial fixed assets and prepaid taxes. Current liabilities include payables due within 12 months, including the current quota of non-current loans. Non-current liabilities include payables due beyond 12 months, including financial payables, provisions for personnel and deferred taxes;
- the profit and loss account has a classification of costs according to the type of cost;
- the cash flow statement separately shows the cash flows derived from the operating activities, investment and financing. The indirect method was used for its drafting.

The consolidated financial statements have been drafted on the basis of the general historical cost principle, with the exception of the balance sheet items which, in accordance with IFRS, are valued on the basis of fair value as indicated below in the evaluation criteria.

The financial statements have been drafted on the assumption of business continuity. In particular, as fully described in the Annual Report in the "Introduction" section, taking into account a net worth of € 24.454.112, given the cash and cash equivalents of € 10.717.388 and the unused credit lines available to date, the profit achieved in 2020 and that envisaged in the current business plans which envisage an increase in profitability, the current order backlog as well as of the controls mentioned in the Annual Report which can be implemented if necessary, despite the uncertainties set out in the Annual Report, the Directors deem the use of the going concern assumption appropriate in drafting the financial statements of the Company and the Group.

The balance sheet and profit and loss account and financial report, the cash flow statement and the statement of changes in the consolidated shareholders' equity accounts are shown in Euros and the amounts have been shown in thousands of Euros unless otherwise indicated.

The consolidated financial statements of the Group include the equity, economic and financial situation of the Parent Company, Costamp Group S.p.A., and of the Italian and foreign operating companies over which the Parent Company directly or indirectly has control, namely Modelleria Ara S.r.l. With reference to the subsidiary PiQ 2 S.r.l., taking into account the irrelevance and the characteristic business of the same, that is different from that of the Group, the same was not consolidated.

4. CONSOLIDATION STANDARDS

The financial statements used for the consolidation have been appropriately adapted (standardised) and reclassified so that they conform to the Group's accounting principles and evaluation criteria, in line with the provisions of the international accounting principles IAS/IFRS currently in force.

The financial statements used for the conversion are those shown in the functional currency, in local currency or in a different currency in which most of the economic transactions and assets and liabilities are denominated.

The financial statements for the period shown in foreign currency are converted into Euros by applying the year-end exchange rates for the balance sheet and financial position items and the average exchange rates for the Profit and loss account items.

The differences originating from the conversion of the initial shareholders' equity at the end of the year exchange rates are recorded in the monetary translation provision.

The consolidation principles can be summarised as follows:

• the subsidiaries, having accounting principles consistent with those of the Group, are consolidated using the integral method according to which:

(i) the assets and liabilities, costs and revenue of the financial statements of subsidiaries are taken in their total amount, regardless of the amount of shares held;

(ii) the book value of the shares was eliminated against the related net assets;

(iii) the equity and economic relations between the fully consolidated companies, including dividends distributed within the Group, have been eliminated;

(iv) the interests of third-party shareholders are represented in the specific equity item and similarly the part of the profit or loss attributable to third parties is shown separately in the profit and loss account.

• investments in associated companies are valued using the equity method according to which the book value of the investments was adjusted to take into account:

(i) the quota pertaining to the shareholder of the profit of the subsidiary achieved after the acquisition date;

(ii) the changes derived from changes in the investee's equity that have not been recorded in the profit and loss account in accordance with the relevant standards;

(iii) dividends distributed by the shareholder;

(iv) any surplus value paid at the time of purchase (valued according to the same criteria indicated in the "Valuation criteria" section with reference to goodwill);

(v) the share of profit derived from the application of the equity method are recorded in the profit and loss account;

(vi) if necessary, standardisation with the Group's accounting principles has been carried out.

Dividends, revaluations, write-downs and losses on investments in companies included in the consolidation area, as well as capital gains, capital losses from intra-group disposals of investments in companies included in the consolidation area have been eliminated.

Gains and losses arising from transactions between companies included in the consolidation area, which are not realised directly or indirectly through transactions with third parties, have been eliminated on the basis of the share quota.

Aggregation of Companies

The acquisition of subsidiaries was recorded in the accounts according to the method envisaged by IFRS 3. The cost of the acquisition was calculated by the sum of the fair values, on the date of obtaining control of the assets sold and the liabilities incurred or assumed and the equity instruments issued by the Group in exchange for control of the company acquired, plus the costs directly attributable to the merger.
The assets, liabilities and identifiable contingent liabilities of the acquired company that meet the conditions for registration according to IFRS 3 have been recorded at their fair value on the acquisition date, with the exception of non-current assets (or disposal groups) which are classified as held for sale in accordance with IFRS 5, which are entered and measured at the lower of the purchase value and the fair value minus the costs attributable to the sale.
The goodwill derived from the acquisition was recorded as an asset and initially valued at cost and is the excess of the cost of the acquisition (calculated as described above) compared to the Group's share in the current values of the identifiable assets, liabilities and contingent liabilities recorded. If after the recalculation of these values, the Group's share in the current values in the identifiable assets, liabilities and potential liabilities exceeds the cost of the acquisition, the excess was recorded in the profit and loss account.
The interest of the minority shareholders in the acquired company was initially assessed to an extent equal to their share of the current values of the recorded assets, liabilities and potential liabilities.
In the event that a business merger is carried out in several stages with subsequent purchases of shares or quotas, each transaction was treated separately using the cost and information relating to the fair value at the date of each transaction for the determination of any other share starter. When a subsequent purchase results in taking control of the company, the share previously held was revalued on the basis of the fair value of identifiable assets, liabilities and potential liabilities, calculated on the date of this subsequent purchase. The counterpart of this revaluation was included in the Group's equity.
Purchases subsequent to obtaining control no longer give rise to revaluations to the fair value of identifiable assets, liabilities and potential liabilities; the positive or negative difference between the purchase cost and the share of the complementary part acquired in the company's net assets was recorded as equity. In the event of the sale of units that do not involve a loss of control, the difference between the sale price and the book value of the assets sold was recorded in the profit and loss account.

5. SUMMARY OF ADOPTED ACCOUNTING STANDARDS AND VALUATION CRITERIA

Accounting standards

The accounting policies and standards applied in drafting the Company's financial statements (the "Consolidated Financial Statements") were applied consistently for all the years shown in this document.

Accounting standards and drafting criteria

Content and format of the balance sheet

This explanatory note was drafted on the basis of accounting data as at 31 December 2020 and is accompanied by the management report on the Company's performance. The individual financial statements were drafted in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union in force at the balance sheet date. These principles are homogeneous with the economic data of the previous year.

The statements present the comparison with the balance sheet and income statement data of the individual financial statements as at 31 December 2019.

The functional currency unit of the Company is the Euro and all values are shown in Euros without showing the cents.

Balance sheet format

For the presentation of the economic results, OHB Italia drafted the income statement according to the format of the revenue and cost components by nature which, among those granted by IAS 1, is considered most representative in consideration of the business sector in which the Company operates.

In regard to the balance sheet layout, the Company presents current and non-current items separately (both assets and liabilities) while the indirect method is used for the presentation of the cash flow statement.

The formats used comply with the Company's internal reporting and management methods and are in line with national and international practice in the aeronautical and satellite industry in which the Company operates.

Accounting standards, amendments and interpretations implemented by the EU and in force since 1 January 2020

The accounting standards, amendments and interpretations, in force since 1 January 2020 and approved by the European Commission, are set out below:

Amendments to IFRS 3: Definition of a business

The amendments to IFRS 3 clarify that to be considered a business, an integrated set of activities and assets must include at least one input and an underlying process that together significantly contributes to the ability to create an output. Furthermore, it has been made clear that a business can exist without including all the inputs and processes needed to create an output. The adoption of these changes had no affect on the 2020 balance sheet.

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

The amendments to IFRS9 and IAS 39 provide a number of practical expedients that apply to hedging relationships which are directly impacted by the reform of the relevant interest rates. A hedging relationship that is impacted by the reform is subject to uncertainties about the timing and extent of cash flows based on the relevant rate with reference to the hedged instrument. The adoption of these changes had no impact on the 2020 balance sheet since there are no interest rate hedges.

Amendments to IAS 1 and IAS 8 - definition of relevant

The amendments provide a new definition of relevance which states that information is only relevant if it is reasonable to assume that its omission, misstatement or concealment could affect the decisions that key users of general purpose financial statements make based on of these financial statements, which provide financial information about the specific entity drafting the financial statements.

Relevance depends on the nature or extent of the information, or both. The entity evaluates whether the information, individually or in combination with other information, is relevant in the context of the financial statements, considered overall. The information is hidden if it is communicated in such a way as to have, for the main users of the financial statements, an effect similar to that of an omission or incorrect indication of the information. The adoption of these changes had no impact on the 2019 balance sheet.

Conceptual Framework for Financial Reporting issued on March 29, 2018

The Conceptual Framework is not a standard and none of the concepts it contains take precedence over the concepts or requirements of a standard. The purpose of the Conceptual Framework is to support the IASB in the development of standards, to help those drafting financial statements to develop homogeneous accounting policies where there are no applicable standards in the specific circumstances and to help all parties involved to understand and interpret the standards.

The revised version of the Conceptual Framework includes certain new concepts, provides updated definitions and updated recognition criteria for assets and liabilities, and clarifies some important concepts. The adoption of these changes had no impact on the 2020 balance sheet.

Amendment to IFRS 16 Covid-19 Related Rent Concessions

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

The amendments are applicable to financial statements whose accounting period begins on 1 June 2020 or later. Early adoption is allowed.

New Accounting Standards and Interpretations approved by the EU but not yet in force

In 2020, the European Commission approved and published the following new accounting standards, amendments and interpretations to supplement the existing ones approved and published by the

International Accounting Standards Board ("IASB") and by the International Financial Reporting Interpretations Committee ("IFRIC "):

Amendments to IFRS 4 - "Insurance contracts" on the postponement of IFRS-9.
The amendment, issued on 25 June 2020, further extended the temporary exemption from IFRS 9, according to IFRS 4, until 1 January 2023, in order to align itself with the date of entry into force of IFRS 17- ' Insurance Contracts'. The first application is scheduled for 1 January 2021.
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 on the "Reform of the relevant interest rates" phase 2 (issued on 27 August 2020). The changes relate to some specific hedge accounting requirements and are aimed at providing relief in relation to the potential effects of uncertainty caused by the reform of interbank offer rates (IBOR). In addition, the changes require companies to provide additional information to investors regarding their hedging relationships that are directly affected by such uncertainties.
The first application is scheduled for 1 January 2021.
On 15 January 2020, Regulation (EU) no. 2020/34 which implemented, in the EU, some amendments to IFRS 9 - Financial instruments, IAS 39 - Financial instruments: recognition and measurement and IFRS 7 - Financial instruments: additional information.
The company does not expect any impact derived from the future application of the new provisions.

New accounting standards, amendments and interpretations issued by the IASB and not yet implemented by the EU
At the date of drafting of these financial statements, the following new standards, amendments and interpretations were issued by the IASB, but have not yet been endorsed by the EU.
The Company is still evaluating the impact of these changes, to the extent that they are applicable.

Amendments to IFRS 3 - "Business aggregations"
On 14 May 2020, the IASB issued the amendments to IFRS 3 "Reference to the Conceptual Framework", to: (i) complete the update of the references to the Conceptual Framework for Financial Reporting present in the accounting standard; (ii) provide clarification regarding the prerequisites for the recognition, at the acquisition date, of funds, contingent liabilities and liabilities for taxes assumed as part of a business aggregation transaction; (iii) make it clear that potential assets cannot be recorded as part of a business aggregation.

Amendments to IAS 16 - "Property, plant and Equipment"
On 14, May 2020, the IASB issued the amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use" (hereinafter amendments to IAS 16), aimed at defining that the revenues derived from the sale of goods produced by assets before they are ready for their intended use are charged to the income statement together with the related production costs.

Amendments to IAS 37 - "Provisions, contingent liabilities and contingent assets"

on 14 May 2020 the IASB issued the documents “Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets”. The amendments to IAS 37 “Provisions, contingent liabilities and contingent assets” specify which costs must be included in assessing whether a contract is loss-making. The first application is scheduled for 1 January 2022.
The amendments to the 2018-2020 annual improvements (published on 14 May 2020) make slight changes to IFRS 1 "First-time adoption of International Financial Reporting Standards", IFRS 9 "Financial instruments", IAS 41 "Agriculture" and the accompanying illustrative examples IFRS 16 “Leasing”.
The first application of the above changes is scheduled for 1 January 2022.
On 23 January 2020, the IASB issued the document “Amendments to IAS 1 presentation of Financial Statements: classification of liabilities as current or non-current” to clarify the requirements for the classification of liabilities as current or non-current. More precisely: a) the amendments specify that the conditions existing at the end of the relevant period are those that must be used to determine whether there is a right to defer the settlement of a liability; b) management's expectations of events after the balance sheet date, for example in the event of a breach of a covenant or early settlement, are not relevant; c) the amendments clarify the situations that are considered to be the liquidation of a liability. Due to the Covid-19 pandemic, the IASB proposed to postpone the effective date of the document to 1 January 2023, to provide companies with more time to make any classification changes resulting from the changes.

IFRS 17 - "Insurance contracts"
on 18 May 2017, the IASB issued IFRS 17 "Insurance Contracts", which governs the accounting treatment of insurance contracts issued and reinsurance contracts held. The provisions of IFRS 17 come into force starting from financial years on or after 1 January 2023.

The Directors do not expect any effects on the Group's consolidated financial statements from the adoption of this amendment.

6. EVALUTATION CRITERIA

The accounting standards adopted for the drafting of the consolidated financial statements comply with those used for the drafting of the consolidated financial statements at 31 December 2018, except for the adoption of the new standards and amendments in force from 1 January 2019. The Group has not adopted, in advance, any new standard, interpretation or modification issued but not yet in force.

Real estate, plant and machinery

Real estate, plant and machinery are valued at purchase or production cost, net of accumulated depreciation and any impairment. The cost includes the costs directly incurred to prepare the activities for their use, as well as any dismantling and removal costs that will be incurred as a result of contractual obligations which require the asset to be restored to its original condition. Interest expense incurred on

loans intended for the acquisition or construction of real estate, plant and machinery configuring a "qualifying asset", are capitalised up to the date of entry into operation of the asset.
The costs incurred for ordinary and/or cyclical maintenance and repairs are directly recorded in the profit and loss account for the year in which they were incurred. The capitalisation of the costs related to the expansion, modernisation or improvement of the structural elements owned or in use by third parties is carried out within the limits in which they meet the requirements to be separately classified as an activity or part of an activity, applying the criterion of the "component approach ”, according to which each component subject to an autonomous evaluation of the useful life and its value must be treated separately.
The recorded value was adjusted by systematic depreciation, calculated on a straight-line basis from the moment the asset is available and ready for use, based on the estimated useful life.
The useful life of the real estate, plant and machinery and their residual value are periodically reviewed and updated, where necessary, at the end of each year. Land was not depreciated. When an asset subject to depreciation is made up of distinctly identifiable elements, whose useful life differs significantly from that the other parts the asset is composed of, depreciation is carried out separately for each of the parts that the asset is composed of, in application of the component approach, for a financial year that is in any case not beyond that of the main asset. The useful life estimated by the company for the various categories of property, plant and machinery is as follows:

Manufactured	45 years
Equipment	5 years
Plants and machinery	25 years
Furniture and office machines	10 years
Vehicles	5 years
Cars	4 years
Light constructions	10 years
Operator machines, spec.	10 years
Lifting systems	30 years
Trademarks	10 years
Non-contractual business relationships	10 years
Software	2 years
Mobile phones	4 years

Improvements on third party assets: the lower period between the useful life of the improvement and the duration of the lease

Depreciation begins when the asset is available for use and is systematically distributed in relation to its residual possibility of use, that is, based on the estimated useful life.
The profits and losses derived from sales or divestments of assets are calculated as the difference between the sales revenue and the net book value of the asset disposed of or sold and are recorded in the profit and loss account for the financial year in question.

Right of use assets

Leased assets, whether they are operating or financial leases, are recorded starting from the date on which the underlying asset is available for use. Right-of-use assets are measured at cost, net of accumulated depreciation and impairment, and adjusted for any remeasurement of leasing liabilities. The cost of the right-of-use assets includes the amount of recorded leasing liabilities, the initial direct costs incurred and the lease payments made on or before the commencement date, net of any incentives received. Right-of-use assets are depreciated on a straight-line basis from the effective date and up to the end of the useful life of the asset consisting of the right of use or, if earlier, at the end of the lease term.

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term, or if the cost of the right-of-use asset reflects the fact that the lessee will exercise the purchase option, the lessee must depreciate the asset consisting of the right of use from the effective date until the end of the useful life of the underlying asset.

The company applies the exemption for the recognition of short-term leases (leases that have a duration of 12 months or less from the inception date and do not contain a purchase option). The company has also applied the exemption for leases relating to activities of modest value, with reference to leasing contracts relating to office equipment whose value is less than 5,000 Euros. The instalments relating to short-term leases and leases of low-value assets are entered as costs on a straight-line basis over the leasing period.

Real estate investments

Real estate investments, which is real estate owned for the lease concession and/or for capital appreciation, are recorded at the acquisition or construction cost, including ancillary charges, net of the respective depreciation and any losses of cumulative value. The evaluation criteria described in the previous section "Real estate, plant and machinery" remain valid.

Shares

Shares in affiliated companies are valued on the basis of the net assets method.

Payables to companies, associates and others for quotas of capital subscribed but not yet called up by the respective corporate bodies have been reclassified, in continuity with previous years, as a direct reduction of the respective carry forward values of the investments.

Shares in companies other than affiliated companies, joint operations and joint ventures are classified, at the time of purchase, in the item "Shares" and fall into the category of financial assets "Available for sale". Being mainly investments in relation to which the Group holds a shareholding of less than 20%, these financial assets are shown in non-current assets and are valued at cost adjusted for impairment since their fair value cannot be calculated.

Intangible fixed assets

Intangible assets are made up of non-monetary elements, identifiable and devoid of physical consistency, controllable and capable of generating future economic benefits. These elements are recorded at purchase and/or production cost, including the directly attributable expenses incurred to prepare the business for its use, net of accumulated depreciation, in cases where a depreciation process is envisaged, and any loss of value. Depreciation begins when the activity is available for use and is systematically distributed in relation to its residual possibility of use, that is, based on the estimated useful life.

Industrial patent and intellectual property rights, Licenses and similar Rights

The costs relating to the acquisition of industrial patent rights and the use of intellectual property, licenses and similar rights are capitalised. Depreciation was calculated following the linear method, in order to distribute the cost incurred for the acquisition of the right over the shortest period between that of expected use and the duration of the related contracts starting from the moment in which the acquired right becomes exercisable.

Software costs

The costs relating to the development and maintenance of software programs are recorded in the profit and loss account in the year in which they are incurred. The costs that are directly associated with the production of unique and identifiable software products and that will generate future economic benefits over a timescale of more than one year are recorded under the Intangible assets item. Direct costs - where identifiable and measurable - include the cost relating to the employees who develop the software, as well as any appropriate quota of general costs. Depreciation was calculated based on the relative useful life of the software, estimated at 2 years.

Start up

Goodwill consists of the excess of the acquisition cost incurred compared to the net fair value on the date of purchase of assets and liabilities which constitute a "business". Goodwill is not subject to systematic depreciation, since it has an indefinite useful life, but to periodic tests to verify the adequacy of the relative book value in the financial statements. This test is carried out with reference to the cash generating unit (hereafter also referred to as the cash generating unit or CGU) to which the goodwill refers. Any impairment was recorded in the profit and loss account in the event that the recoverable value of the goodwill is lower than its carry forward value in the financial statements. Recoverable value means the higher of the fair value of the cash-generating unit, net of selling costs, and the use value, represented by the current value of the estimated cash flows for the unit's operating years. cash flow generator and derived from its disposal at the end of its useful life. The use value was calculated by applying the method described in the following point "Reduction of asset value". Restoration of goodwill is not permitted in the event of a previous write-down for loss of value.

When the reduction in value is greater than the book value of the goodwill allocated to the cash generating unit, the residual amount is allocated to the assets included in the cash generating unit in proportion to their carry forward value. This allocation has as a minimum limit, being the highest amount between:

the relative fair value of the asset, net of selling costs;
its use value, as defined above.

Development costs

This balance sheet item involves the costs related to the application of research results, or other know-how, to a plan or project for the production of new or substantially advanced materials, devices,

processes, systems or services, prior to start-up. commercial production or use, for which the production of economic benefits in the future can be demonstrated. This essentially relates to the know-how used by the Company for the development of technological components relating mainly to satellites, telescopes and integrated safety systems.
They are depreciated over xxxx years, as this is the estimated period of time in which the expected future revenues will arise from the same project.
Research costs, on the other hand, are recorded in the income statement for the period in which they are incurred.

Reduction in the value of assets

At each balance sheet date, tangible and intangible assets with a finite life are analysed in order to identify the existence of any indicators for a reduction in their value. If these indicators are present, the recoverable value of the assets concerned is estimated, recording any write-down in the profit and loss account. The recoverable value of an asset is the greater of its fair value, reduced by sales costs, and its use value, where the latter is normally estimated on the basis of the present value of future financial flows estimated for this activity. In calculating the use value, the expected future cash flows are discounted at a rate that reflects the current market assessment of the cost of money, compared to the exercise of the investment and the asset's specific risks. The realisable value of assets that do not generate independent cash flows is calculated in relation to the cash generating unit to which this asset belongs. A reduction in value was recorded in the profit and loss account when the book value of the asset, or of the related CGU in which it is allocated, is greater than the recoverable value. If the conditions for a previously made write-down no longer exist, the book value of the asset is reinstated and recorded in the profit and loss account, within the limits of the net book value that the assets in question would have had if the write-down had not been made and had been depreciated.

Trade receivables and other credit

Trade receivables and other current and non-current receivables (representing financial assets) are financial instruments, mainly relating to receivables from customers, non-derivatives and not listed on an active market, from which fixed or determinable payments are expected. Trade receivables and other receivables are classified in the balance sheet as current assets, except for those with a contractual maturity of more than twelve months compared to the balance sheet date, which are classified as non-current assets. These financial assets are recorded in the balance sheet assets when the Group becomes part of the contracts related to them. The transferred financial assets are deleted from the balance sheet assets when the right to receive cash flows is transferred together with all the risks and benefits associated with the transferred asset. These assets are originally recorded at their fair value and, subsequently, at the depreciated cost. They are valued on the basis of the impairment model introduced by IFRS 9. According to this model, the Group evaluates the loans by adopting an Expected Loss logic, replacing the IAS 39 framework typically based on the evaluation of the observed losses (Incurred Loss). For trade receivables, the Group adopts a simplified approach to assessment (called Simplified approach) which provides for the recording in the accounts of an Expected Credit Loss ("ECL") calculated over the entire life of the credit (so-called ECL lifetime). In particular, the methodology applied by the Group provides for the stratification of trade receivables into three categories on the basis of the expired days and an assessment of the counterparty's solvency. Different write-down percentages are applied to these categories which reflect the relevant recovery expectations. The other receivables, for which the Group estimates a low credit risk, are valued by adopting a general approach (the so-called general approach). This approach provides for the estimate of the ECL with reference to a timescale of 12 months as well as verification at each balance sheet date of the changes to the credit risk compared to the initial assessment. With reference to credits for which no significant increases in credit risk are identified, the ECL continues to be assessed over a 12-month time period. With reference to the credits for which significant increases in credit risk are identified, the ECL is measured over the entire life of the credit. The value of the receivables is shown in the balance sheet net of the related bad debt provision.

Short and long-term financial payables

Financial liabilities include financial payables, including loans, interest-bearing bank loans, bank overdrafts and other financial liabilities, including derivative financial instruments and liabilities relating to assets taken on under finance leases. Financial liabilities, other than derivative financial instruments, are initially recorded at a fair value reduced by the transaction costs.

Subsequently, the financial liabilities held to maturity are valued at the depreciated cost, applying the criterion of the effective interest rate. Transaction costs that are directly attributable to the issuance of the liability are depreciated over the useful life of the loan.

If the value of these costs is not significant, they are directly recorded in the profit and loss account in the exercise of their effective support.
Financial liabilities are removed from the balance sheet when they are extinguished and all the risks and charges relating to the instrument are transferred.

Leasing liabilities

At the effective date of the lease, liabilities are recorded by measuring them at the present value of the payments due for the lease not yet paid at that date. Payments due include fixed payments (including fixed payments in substance) net of any lease incentives to be received, variable lease payments that depend on an index or rate and amounts that are expected to be paid under the of residual value guarantees. Lease payments also include the exercise price of a purchase option if it is reasonably certain that the option will be exercised and the lease termination penalty payments if the lease term takes into account the exercise of the termination option of the lease. Variable lease payments, which do not depend on an index or rate, are recorded as costs in the period in which the event or condition that generated the payment occurs.
In calculating the present value of payments due, the company uses the marginal loan rate at the start date if the implicit interest rate cannot be easily determined. After the effective date, the amount of the lease liability increases to take into account the interest on the lease liability and decreases to consider the payments made. Furthermore, the book value of lease payables is restated in the event of any changes to the lease or for the revision of the contractual terms for the modification of payments; it is also restated in

the presence of changes regarding the valuation of the purchase option of the underlying asset or for changes in future payments resulting from a change in the index or rate used to determine such payments.

Taxes

Income taxes include current and deferred taxes. Income taxes are generally recorded in the profit and loss account, except when they refer to cases directly accounted for in equity. In this case, income taxes are also charged directly to equity.
Current taxes are the taxes that are expected to be paid calculated by applying the tax rate in force on the balance sheet date to the taxable income for the year.
Deferred taxes were calculated using the so-called liability method on the temporary differences between the amount of assets and liabilities in the financial statements and the corresponding values recorded for tax purposes. Deferred taxes were calculated based on the tax rate that is expected to be in force at the time of the realisation of the asset or the extinction of the liability.
Deferred tax assets were recorded only if it is probable that sufficient taxable income will be generated in subsequent years for the realisation of these assets.
Deferred tax assets and liabilities are offset only when there is a legal right to compensation and when they refer to taxes due to the tax authority.

Inventories

Inventories of raw materials were valued at weighted average cost, for moulds being processed at internal processing cost, for finished moulds at production cost and for printed products at the weighted average cost of raw materials, related production and direct costs. Against the value calculated in this way, provisions are made where necessary to take account of obsolete and slow-moving inventories. When the circumstances that previously caused the recording of the above provisions cease to exist, or when there are clear indications of an increase in the net realisable value, the provisions are reversed in whole or in part, to the extent that the new book value is the lower of the purchase or production cost and the net realisable value at the balance sheet date.

Financial assets held for trading

Financial assets held for trading were recorded and valued at the end of the period at a fair value. Gains and losses derived from changes in fair value were recorded in the profit and loss account for the financial year in compliance with the provisions of IFRS 9.

Cash and cash equivalents

Cash and cash equivalents mainly include cash, demand bank deposits, other short-term investments that can easily be turned into cash (which can be converted into cash within ninety days from the original acquisition date) and current account overdraft which, if any, was recorded in the current liabilities. The elements included in net liquidity were calculated at a fair value and the relative changes were recorded in the profit and loss account.

Net Assets

Share Capital

The share capital is the subscribed and paid-up capital of the parent company. The costs closely related to the issuance of new shares were recorded as a reduction in the share capital, net of any deferred tax effect.

Reserves

They are composed of capital reserves or profit and revaluation.

Profit carried forward

This relates to the profit in the current year and previous years, for the part that was not distributed, or allocated as a provision or to cover losses, and the actuarial gains and losses derived from the calculation of the liability for employee benefits net of the related effect of deferred tax. This item also includes transfers from other equity reserves, when the bond to which they were subject is no longer available.

Funds for risks and charges

Provisions are recorded when: (i) the existence of a current obligation, legal or implicit, derived from a past event is probable; (ii) it is probable that the fulfilment of the obligation will be expensive; (iii) the value of the obligation can be estimated reliably. The provisions are recorded at the value that represents the best estimate of the amount that the company would rationally pay to extinguish the obligation or to transfer it to third parties. Where the financial effect of time is significant and the payment dates of the obligations can be reliably estimated, the provision is subject to a discount. The rate used in calculating the current value of the liability reflects the current market value and includes the additional effects relating to the specific risk associated with each liability. The increase in the provision related to the passage of time was recorded in the profit and loss account under the "Net financial charges" item.
The provisions are periodically updated to reflect changes in cost estimates, implementation times and discount rates; the revised estimates of the funds are recorded in the same profit and loss account item where they were previously recorded or, when the liability relates to an asset, as a contra-entry to the asset to which it refers.

Employee benefits

The benefits subsequent to the termination of the employment relationship are divided into two cases: defined contribution programmes and defined benefit programmes. In defined contribution plans, contribution charges are shown in the profit and loss account when they are incurred, based on their nominal value. In programmes with defined benefits, since the amount of the benefit to be disbursed is quantifiable only after the termination of the employment relationship, the related charge was recorded in the profit and loss account on the basis of actuarial calculations.

Post-employment benefits: severance indemnity

Employee severance indemnity (severance pay), governed by Article 2120 of the Italian Civil Code, is the indemnity paid to employees in Italy during their working life and paid out upon termination of the employment relationship.
It is one of the unfunded defined benefit plans and therefore there are no assets serving the fund.

Following the reform on the supplementary pension scheme pursuant to Legislative Decree no. 252 of 5 December 2005, the severance pay shares accrued up to 31 December 2006 will remain in the company, while the severance pay shares accrued starting from 1 January 2007 are allocated to forms of supplementary pension or maintained in the company, which will transfer the quotas of severance indemnity to the fund managed by INPS.

The Company continued to record the obligation for the quotas accrued at 31 December 2006 according to the rules of the defined benefit plans; took over the obligation for the quotas that accrue from 1 January 2007, due to the supplementary pension or the INPS Treasury Fund, on the basis of the contributions due during the year.

With regard to the part of the severance pay accrued up to 31 December 2006, the liability is projected to the future to calculate the probable amount to be paid at the time of termination of the employment relationship and is then discounted using the "Projected Unit Credit Method" to take into account the time that will elapse before actual payment.
The calculation takes into account the severance indemnity accrued for work services already carried out and is based on actuarial assumptions which mainly concern: the interest rate, which reflects the market yield of securities of primary companies with a maturity consistent with that expected of the obligation and employee turnover. At each maturity, the actuarial gains and losses, defined by the difference between the balance sheet value of the liability and the current value of the company's commitments at the end of the year, due to the change in the actuarial parameters just described, are recorded directly as equity.

Benefits due to employees for the termination of the employment relationship and for incentive plans.
The employee benefits due to the termination of the employment relationship are recorded as liabilities when the company is demonstrably committed to terminating the employment relationship of an employee or group of employees before normal retirement or to provide benefits for the termination of the employment relationship following a proposal to encourage voluntary resignations for redundancies. The benefits due to employees for the termination of the employment relationship do not provide the company with future economic benefits and are therefore recorded immediately in the labour costs.

Translation of items in currencies other than Euros
Transactions in currencies other than the accounting currency are converted into Euros based on the exchange rates on the date of the transactions. Exchange gains and losses resulting from the closure of the transactions in question and the conversion at year-end exchange rates of the monetary assets and liabilities denominated in currencies other than the accounting currency are recorded in the profit and loss account.

Revenue recognition
Revenue from the sale of goods are recorded in the profit and loss account when ownership of the product sold is transferred to the customer, normally coinciding with the delivery or shipment of the goods to the customer. Revenue for services are recorded in the period in which the services are rendered, with reference to the completion of the service provided and in relation to the total of services still to be rendered.

Coming into force on 1 January 2018, the new accounting standard on IFRS 15 revenue - Revenue from contracts with customers was adopted. This standard introduces a five-step model for the recording of revenue for an amount that reflects the consideration to which an organisation believes it is entitled in exchange for the sale of goods or services to the customer. The scope of application of the new standard consists in all revenue derived from contracts with customers except for those regulated by other IAS/IFRS standards such as leasing, insurance contracts and financial instruments. The basic steps for the accounting of revenue according to the new model are:

• identification of the contract with the customer;

• identification of contractual obligations;

• calculation of the price;

• allocation of the price to contractual obligations;

• the criteria for recording the revenue as the organisation satisfies each contractual obligation. For a complete examination of the changes introduced, as well as the effect on the Company's operations, see the section "Accounting standards, amendments and interpretations applied from 1 January 2018". Revenue was recorded at a fair value of the consideration received. Revenue was recorded net of value added tax, expected returns, rebates and discounts.

Public grants

In the presence of a formal resolution of attribution by the lender, Public grants are recorded on an accrual basis in direct correlation with the costs incurred. In particular, grants for operating expenses are recorded in the profit and loss account under the other revenue and income item.

Financial income and charges

Interest was recorded on an accrual basis on the basis of the effective interest method, that is, using the interest rate that make all the incoming and outgoing flows a given transaction is composed of financially equivalent.

Dividends

These are recorded as financial income when the right to collect them arises, that is, normally, at the time of the distribution resolution by the Shareholders' Meeting of the company.

Use of estimates

The application of estimates and assumptions affects the values indicated in the financial statements, such as the financial position, the profit and loss account and the cash flow statement, as well as the information provided. The final values of the balance sheet items for which estimates and assumptions have been used may differ from those indicated in the previous financial statements due to the uncertainty of the assumptions and conditions on which the estimates are based. The estimates and assumptions are periodically reviewed and the effects of each change was recorded in the accounts in the year in which the estimate review takes place, if this revision only affects the current year, or in subsequent financial years if the revision affects the year current and future ones. The accounting principles that require greater subjectivity in the definition of the estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on the financial statements are briefly described below.

Funds for risks

The provisions for risks and charges are recorded as losses and charges of a specific nature, of a certain or probable existence, of which, however, the amount and/or date of occurrence cannot be determined. These funds are only recorded when there is a current obligation (legal or implicit) for a future release of economic resources as a result of past events and it is likely that this release is required for the fulfilment of the obligation. This value is the best estimate of the burden to pay off the obligation. The rate used in calculating the current value of the liability reflects the current market values and takes into account the specific risk associated with each liability. When the financial effect of time is significant and the payment dates of the bonds can be reliably estimated, the funds are valued at the current value of the expected disbursement using a rate that reflects market conditions, the change in the cost of money over time and the specific risk linked to the obligation. The increase in the value of the fund calculated based on changes in the cost of money over time was recorded as a financial charge. The risks for which the occurrence of a liability is only possible are indicated in the specific information section on potential liabilities and no provision is made for them.

Write-down of fixed assets

Non-current assets are subject to verification in order to ascertain a possible reduction in value which, in the presence of indicators that make it difficult to recover, are recorded with a write-down of the related net book value. The verification of the existence of the above-mentioned indicators requires subjective assessments based on the information available within the company and on the market, as well as on historical experience. Furthermore, when it is believed that a potential reduction in value has been generated, it is calculated with appropriate valuation techniques. The correct identification of the elements indicating the existence of a potential reduction in value, as well as the estimates for their calculation, depend on factors that may vary over time, reflecting in the assessments and estimates made.

Depreciation of tangible fixed assets

The cost of real estate, plant and machinery is depreciated on a straight-line basis over the estimated useful life of each asset. The economic useful life of fixed assets is determined when they are purchased and is based on historical experience for similar fixed assets, market conditions and anticipations regarding future events that could have an impact, including changes in technology. The effective economic life, therefore, may differ from the estimated useful life. Technological and industry-related changes, dismantling costs and the recovery value to update the residual useful life are periodically evaluated. This update may change the depreciation and therefore also the depreciation charge for the year and future years.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are calculated based on the temporary differences between statutory income and tax income, as well as on income expectations in future years. The assessment of expected income for the purpose of recording prepaid taxes in the accounts depends on factors that can vary over time and determine significant effects on the valuation of this balance sheet item.

Identification of the assets derived from the acquisition

The assets identified as a result of the acquisition as well as the estimates used to calculate the value of the same are based on a specific evaluation exercise conducted by the Group's management and depend on factors that may vary over time, influencing the assessments and estimates made by the directors.

Risk management

In the context of business risks, the following are the main risks identified, monitored and, as specified below, actively managed by the Group:

a) liquidity risk;
b) market risk;
c) credit risk.

Market risk, in turn, can be divided into:

currency risk: the risk that the value of a financial instrument will fluctuate following exchange rate changes;

interest rate risk: the risk that the value of a financial instrument will fluctuate following changes in market interest rates;

The Group's objective is to maintain a balanced management of its financial exposure over time, aimed at ensuring a liability structure balanced with the composition of the balance sheet assets and capable of ensuring the necessary operational flexibility through the use of the liquidity generated from current operating activities and bank loans.

a) **Liquidity risk**

Liquidity risk means the risk of not being able to fulfil obligations, present or future, due to the insufficiency of available financial means. The Group manages this risk through:

search for a balance between cash outflows and short- and long-term sources of financing;

possibility of diversification of short and long-term forms of financing;

extension of the amount of credit lines, in terms of the amounts granted;

the gradual and homogeneous distribution over time of the medium and long-term funding deadlines.

The table below analyses the financial liabilities (including trade payables and other payables) on the basis of residual maturity as at 31 December 2019: in particular, all the flows indicated are not discounted nominal future cash flows, calculated with reference to the remaining contractual maturities, both for the capital account and for the interest account. Loans were included on the basis of the contractual expiry dates on which repayments will be made.

(in thousands of Euros)	Balance at 31 December 2019	Expiry			
		Within 1 year	Between 1 and 5 years	Beyond 5 anni	Of which subject to revocation
Trade liabilities	14,562	14,562	-	-	-
Other liabilities (current and non-current)	10,754	10,754	-	-	-
Financial liabilities (current and non-current)	42,880	14,527	21,067	7,286	-
Total	**68,196**	**39,843**	**21,067**	**7,286**	

b) **Market risks**

Market risk refers to the risk of fluctuations in the value of the Group's positions or an increase in financial charges associated with funding, resulting from changes in prices or market rates.

The Group uses external financial resources in the form of debt and uses the liquidity available in bank deposits. Changes in the levels of market interest rates affect the cost and return of the various forms of financing and use, thus affecting the level of the Group's financial costs and income.

The cost of bank debt is mainly parameterized at the Euribor rate for the financial year plus a spread that depends on the type of credit line used. The interest rate risk to which the Group is exposed mainly originates from current financial payables.

It should be noted that the Group does not use derivative instruments for the purpose of hedging interest rate risk.

At present, there is no exchange rate risk associated with financial management.

c) **Credit risk**

Credit risk means the probability of deterioration of the creditworthiness of the counterparties (the eventuality that, at contractual expiry dates, the counterparty is insolvent) and of the issuers of investment instruments in the portfolio. The Group controls this risk, which is currently very limited, through:

- rating limits by issuer/counterparty, divided according to the type of instrument;
- concentration limits per issuer/counterparty;
- exclusion of the possibility of investing in subordinated financial instruments or containing leverage elements.
- transfer of the credit outright.

Please refer to the "Information on financial instruments and management of financial risks" section below.

7. NOTES ON BALANCE SHEET ASSETS

Values in Euros

FIXED ASSETS

1. Tangible fixed assets

At 31 December 2020 the following are the details of changes to the real estate, plant and machinery item:

TANGIBLE FIXED ASSETS		value 31/12/2019	increases	reductions	value 31/12/2020
Industrial buildings	cost	17,775,644	1,996,996	-770,070	19,002,570
	depreciation fund	-2,139,145	-549,669	149,973	-2,538,841
	net value	15,636,500	1,447,327	-620,097	16,463,730
Plant and machinery	cost	29,280,636	1,568,254	-21,650	30,827,240
	depreciation fund	-8,370,615	-1,694,908	8,965	-10,056,558
	net value	20,910,021	-126,654	-12,685	20,770,682
Industrial equipment	cost	2,763,898	161,628	-36,678	2,888,848
	depreciation fund	-1,918,263	-264,456	26,394	-2,156,325
	net value	845,635	-102,828	-10,284	732,523
Other goods:					
Mobile office machines	cost	584,879	82,744	0	667,623
	depreciation fund	-336,910	-56,960	0	-393,870
	net value	247,970	25,784	0	273,754
Electronic office machines	cost	1,663,905	97,298	-101,128	1,660,075
	depreciation fund	-1,234,504	-106,910	101,128	-1,240,286
	net value	429,401	-9,612	0	419,789
trucks	cost	450,616	22,229	-310	472,534
	depreciation fund	-266,161	-54,737	310	-320,588
	net value	184,454	-32,508	0	151,946
cars	cost	1,088,220	122,323	-139,913	1,070,630
	depreciation fund	-544,196	-218,969	139,913	-623,252
	net value	544,024	-96,646	0	447,378

Cell phones	cost	34,830	418	0	35,249
	depreciation fund	-21,417	-5,943	0	-27,360
	net value	13,413	-5,525	0	7,888
Full deduction goods	cost	58,867	0	0	58,867
	depreciation fund	-58,867	0	0	-58,867
	net value	0	0	0	0
Current fixed assets	cost	768,786	515,810	-663,331	621,265
	depreciation fund	0	0	0	0
	net value	768,786	515,810	-663,331	621,265
total	cost	54,470,282	4,567,700	-1,733,080	57,304,901
	depreciation fund	-14,890,077	-2,952,552	426,683	-17,415,946
	net value	39,580,204	1,615,148	-1,306,397	39,888,955

The increases for the financial year refer both to the investments made during the year and to those derived from the application of the accounting standard IFRS 16 regarding rental and rental contracts.

The increases and reductions items include the actual increases and reductions made during the year mainly regarding plant and machinery.

There are no purchase commitments or liens on technical fixed assets, except for:

- the property owned by the Company, located in Sirone (LC) Via Verdi 6, on which a voluntary mortgage is registered against a mortgage granted by Banco Popolare;

- the property owned by the Company, located in Cornate d'Adda (MB) Via primo Stucchi, on which a voluntary mortgage is registered against a loan granted by Credito Valtellinese.

- the property owned by the Company, located in Sirone (LC) Via Verdi 16, on which a voluntary mortgage is registered against a mortgage granted by Banca Popolare di Sondrio;

The table below shows the original value of leased assets already recorded as fixed assets, for which a financial lease had been identified (based on the requirements set by the accounting principle IAS 17/IFRIC 4):

LEASING			
company	no.	item	value of the item
FiGESTIM	130513	SACMAN TRT314HS TOR	540,000
SG LEASING	340064	SACMAN TRT314HS SIR	550,000
CREDEM	SI 176796	MIKRON HPM800	445,000

ICCREA	2151070185	HETO	530,000
BIELLA LEASING	3054189	STS AVANGARDE	240,000
CREDEM	SI 181872	MAS MCV 1270	165,000
PORSCHE FIN,	58597	PORSCHE 918	75,156
FIGESTIM	150465	PRESSA PROVA STAMPI	465,000
ALBA LEASING	1078735	MIKRON HPM1850	655,000
ALBA LEASING	1078561	PRESSA IDRA 1900	1,313,900
VOLKWAGEN	231830	T-ROC	16,612
CREDEMLEASING	AA 198672	BMW X1	32,496
SARDALEASING	S3/166064	CARROPONTE	200,000
SARDALEASING	S2/166758	MIKROFORATRICE CR800	79,000
CREDEM	SI195582	MAS MCV 1270	165,000
SG LEASING	SS372725	MIKRON	670,000
UNICREDIT	LS1674035	INGERSOLL GANTRY	415,000
CREDEM	SI195585	MAZAK	222,000
UNICREDIT	AS/1694908	PORSCHE MACAN	66,159
UNICREDIT	LS1681632	CARROPONTE	150,000
UNICREDIT	L21680608	SCAFFALATURE	157,400
CREDEM		ALESATRICE CASTEL	120,000
UNICREDIT	L21680613	CARRELLO RETRATTILE	49,600
CABEL	LB 218404	RISCALDAMENTO	85,000
CABEL	LB 218402	DEA	92,000
UNICREDIT	LS1683058	RETTIFICHE	115,000
BANCA PRIVATA	131855	IMMOBILE CORREGGIO	2,026,867
SARDALEASING	S2/176493	DMU 95	350,000

With regard to the item "Fixed assets in progress", these are advances paid to suppliers for machinery that will be delivered during 2020, detailed in the table below:

	Value of the item
Imm. design R&S	46,421
LPF press	393,500
Moldmak cnc	176,000
Equipment	5,344

As required by IAS 36, the Group annually checks for the existence of loss of value indicators and, where such indicators are identified, the Group carries out the impairment test; this test was carried out by comparing the book value of the fixed assets with its recoverable value. The recoverable value is calculated as the greater of the use value and the fair value net of any transfer costs. The Group has not identified indicators of loss of value. See also what is reported in section 2. Intangible fixed assets.

2. Intangible fixed assets

At 31 December 2019 the following are the details of changes to the "Intangible fixed assets":

INTANGIBLE FIXED ASSETS		value 31/12/2018	increases	reductions	value 31/12/2019
Research and development costs	cost	870,404	617,832	0	1,488,236
	depreciation fund	-32,545	-3,967	0	-36,512
	net value	837,859	613,865	0	1,451,724
Trademark licensing	cost	1,605,311	253,935	-76,757	1,782,489
	depreciation fund	-1,335,958	-137,315	75,423	-1,397,850
	net value	269,352	116,620	-1,334	384,639
Start up	cost	5,557,229			5,557,229
	depreciation fund	-209,546			-209,546
	net value	5,347,683	0	0	5,347,683
Other intangible property	cost	3,740,907	5,878	0	3,746,784
	depreciation fund	-742,912	-372,746	0	-1,115,657
	net value	2,997,995	-366,868	0	2,631,127
Leased assets mprovements	cost	244,190	0	0	244,190
	depreciation fund	-49,730	-48,114	0	-97,844
	net value	194,460	-48,114	0	146,346
Current fixed assets	cost	100,875	88,491	-176,766	12,600
	depreciation fund	0	0	0	0
	net value	100,875	88,491	-176,766	12,600
total	cost	12,118,916	966,136	-253,523	12,831,528
	depreciation fund	-2,370,691	-562,142	75,423	-2,857,410
	net value	9,748,224	403,994	-178,100	9,974,118

I The main increases that occurred during the year regard the capitalisation of R&D costs, for more details see the content of the "research and development" section included in the Annual Report.

In relation to the goodwill, as prescribed by IAS 36, the company annually checks the existence of loss of value indications and carries out impairment tests.

In line with the requirements of the relevant accounting standards, the impairment test was conducted on the balance sheet date to ascertain the existence of any losses in the value of goodwill. The impairment test was carried out by comparing the book value of the goodwill with the use value of the CGU to which it refers. The identified CGU coincides with the entire company situation. relating to the period of four years following the balance sheet date. The forecast data of the CGU were determined by estimating the levels of growth in turnover, EBITDA and cash flows, based on past economic-income performance and future expectations. The terminal value of the CGU was calculated based on the criterion of a perpetual return of the normalized cash flow of each CGU group, with reference to the last period of the forecast data considered, assuming a growth rate of 1% and a discount rate (WACC) of 7.32%, which is the weighted average between the cost of equity and the cost of debt, after taxes. The long-term growth rate was estimated at 1%.
From the results of the impairment test carried out, there is no evidence of lasting losses in value since the estimated recoverable value for the CGU exceeds the related book value on the reference date.
On the basis of the sensitivity analyses carried out, no reasonable losses in value were recorded with reasonable variations of the main variables involved (WACC and growth rate: +/- 0.25%).

Given the situation caused by the Coronavirus emergency, due consideration was given to the basic assumptions on which the company's management based the projections, proceeding to analyse hypothetical scenarios worse than those previously mentioned without the identification of any impairment. Although it is currently not possible to make reliable estimates of the prospective development of the main hypothetical variables, note that even further prudence in the assumptions in the growth rates and in the WACC would not reveal any impairment losses.

The item Other fixed assets refers to the PPA process, the accounting standard of reference is International Financial Reporting Standard 3 (IFRS 3), which establishes the criteria for recognition, measurement, presentation in the financial statements and related disclosure for business aggregations.

With regard to the item "Assets in progress", these are advances paid to suppliers for the customisation of software, which will be completed during 2021. The details are shown in the table below:

	Net value
Software	12,600

3. Real estate investments

The following are the details of changes to real estate investments at 31 December 2020:

INVESTIMENTI IMMOBILIARI REAL ESTATE INVESTMENTS		value 31/12/2019	increases	reductions	value 31/12/2020
Real estate investments	cost	2,564,344	0	0	2,564,344
	depreciation fund	-369,637	-57,878	0	-427,514
	net value	2,194,707	-57,878	0	2,136,829

The real estate investment is the property located in Cornate d'Adda (MB) Via primo Stucchi, on which a voluntary mortgage is registered for a mortgage granted by Credito Valtellinese. The property is currently leased to the company Casseforme Alsina S.p.A.

4. Shares in affiliated companies

At 31 December 2020 the following are the details of changes to shares in subsidiaries and affiliated companies:

SHARES 31/12/2020	value 01/01/2020	increases	reductions	financial capitalisations	value 31/12/2020
Shares in subsidiaries					
PiQ2 Srl	91,890	0	0	0	91,890
Shares in affiliated companies					
Pama Srl	404,680	0	0	0	404,680
JV brambilla India	0	0	0	0	0
Alunext Srl	0	10,000	0	0	10,000
total	496,570	10,000	0	0	506,570
Other shares					
Other shares	1,240	2,500	0	0	3,740
total	1,240	2,500	0	0	3,740

In December, the company Alunext S.r.L. was established with share capital of 10,000 Euros and therefore the transfer of the Foundry Business Unit business unit, operating in its multiple HPDC and LPDC technologies and with the new Low Pressure Forging technology (LPF).

The transaction will therefore be completed during 2021 also with regard to the proceeds deriving from the sale of 51% of the same.

The breakdown of the item Investments in subsidiaries and associates shows the value of the shares held, as follows:

- Pama Srl equity investment equal to 49% of the share capital equal to € 404,680
- JV Brambilla India with 50% of the share capital equal to € 0
- PiQ2 Srl equity investment equal to 72.6% of the share capital equal to € 91,890
- Alunext Srl equal to 100% of the share capital of € 10,000

JV Brambilla India
During 2015, a 50% joint venture with Bhiwadi (Delhi area), adjacent to the foundry, was formed with Continental Engines, a primary Indian foundry that is part of the Baxy Group.
Following a strategic change at group level, the partnership with the Indian company is being revised, consequently and prudentially, and the carry forward value of the equity investment of € 9,769,79 has been completely reduced.

PiQ2 Srl
The Company carries out a software production activity distinct from that of the other Group companies.

Pama Srl
The company carries out a light carpentry business and is connected as the stake held is 49%.

Alunext Srl
From 1 January 2021 the company will begin to carry out the foundry activity, as better indicated above, and it is a subsidiary since the shareholding is 100%.

The details of the other equity investments are as follows:

- Conai shareholding € 5
- Consorzio Energia Lecco for € 520
- Consorzio Confidi for € 715
- AssoAim for € 2,500

5. Long term financial assets

At 31 December 2020 and at 31 December 2019 the financial assets are detailed as follows;

FINANCIAL ASSETS 31/12/2020	current assets	non-current assets	total
Non-interest bearing loans	0	80,000	80,000
total	0	80,000	80,000

FINANCIAL ASSETS 31/12/2019	current assets	non-current assets	total
Non-interest bearing loans	0	80,000	80,000
total	0	80,000	80,000

a) Non-interest bearing loans refer to a disbursement in favour of the unconsolidated subsidiary PiQ2; as provided contractually, the PiQ2 company will reimburse them following the reimbursement of third-party loans;

6. Assets for prepaid taxes and deferred tax liabilities

Deferred taxes are allocated to temporary differences, subject to advance or deferred taxation, between the value of assets and liabilities for statutory purposes and their value for tax purposes.

Therefore, note that the rate used for the calculation of deferred taxes is equal to the nominal IRES rate of 24%, increased where applicable, by the IRAP rate (3.9%).

Deferred tax assets are allocated where their future recovery is probable.

Deferred tax assets and liabilities are detailed as follows at 31 December 2019 and at 31 December 2018:

Assets for pre-paid taxes	2020	Ires 24%	Irap 3.90%
Plant costs			
Extraordinary transaction costs	152,053	36,493	5,930
Buildings	113,479	27,235	4,426
Deferred income	445,375	106,876	17,367
Employeee severance indemnity	103,522	24,845	0
Rentals	85,081	20,420	3,318
Depreciation of building rev..	82,846	19,883	3,231
Quota ecc. Rol	20,513	4,923	0
Credit losses	565,182	135,644	0
Exchange loss	58,242	13,978	0
Tax assessment 12/13	3,190	766	124
Tax losses	1,098,383	263,612	0
Payables derivative instruments	263,612	25,583	0
Prepaid taxes MA	328,885	78,932	12,827
Total	3,320,361	759,189	47,223

Assets for pre-paid taxes	2019	Ires 24%	Irap 3.90%

Plant costs	627	150	25
Extraordinary transaction costs	228,079	54,739	8,895
Buildings	146,653	35,197	5,719
Deferred income	575,534	138,114	22,443
Employee severance indemnity	162,894	39,095	0
Rentals	113,091	27,142	4,411
Depreciation of building rev.	82,846	19,883	3,231
Quotas etc. Rol	20,513	4,923	0
Credit losses	565,182	135,644	0
Exchange loss	58,242	13,978	0
Tax assessment 12/13	3,190	766	124
Tax losses	1,913,922	459,341	0
Prepaid taxes MA	227,814	63,560	0
Total	4,098,587	992,532	44,848

Liabilities for deferred taxes	2020	Ires 24%	Irap 3,90%
Leasing	4,638,394	1,113,213	180,898
Machinery	3,849,558	923,889	150,135
Intangible fixed assets contracts	2,612,830	627,079	101,900
Gains on exchange rates	25,260	6,062	0
Buildings	190,715	45,772	7,438
Tower crane	85,959	20,630	3,352
Buildings Law 185	2,227,982	534,716	86,892
Trademarks	83,124	19,950	3,242
Revalutation Pama Srl	53,154	12,757	0
Derived instruments assets	131,147	31,475	0
Total	13,898,123	3,335,544	533,858

Liabilities for deferred taxes	2019	Ires 24%	Irap 3,90%
Leasing	4,959,669	1,190,321	193,427
Machinery	4,287,897	1,029,092	167,228
Intangible fixed assets contracts	2,978,533	714,847	116,164
Gains on exchange rates	25,260	6,062	0
Buildings	223,552	53,652	8,719

Tower crane	94,409	22,658	3,682
Buildings Law 185	2,283,173	547,963	89,044
Trademarks	86,707	20,810	3,381
Revalutation Pama Srl	53,154	12,757	0
Derived instruments assets	54,821	13,157	2,138
Total	15,047,175	3,611,319	583,783

The recoverability of prepaid taxes is based on the Group's ability to generate taxable income in the coming years. The current situation related to Coronavirus could have effects on the Group's income capacity and therefore on the recoverability of these assets. At present, it is not possible to quantify, in a reasonable way, the effects that this situation could have on the prospective economic plans which, on the basis of the Group's economic and financial plan, allow a reasonable certainty of recovering these assets.

7. Inventories

At 31 December 2020 the following are the details of changes to inventories:

INVENTORIES	31/12/2020	31/12/2019
Work in progress	14,533,500	11,898,498
Raw materials, auxiliaries and consumables	2,350,545	1,728,380
Finished products and goods	659,075	905,738
Obsolescence fund	-108,000	-108,000
Subtotal	17,435,120	14,424,616
Modellerie Ara consolidation	59,238	62,037
total	17,494,358	14,486,653

The item "*Raw materials, auxiliaries and consumables*" mainly includes the material necessary for the Group's activities, assessed with the weighted average cost criterion.

The item "*Work in progress*" regards assets subject to the transformation process but not yet completed at the year-end date, assessed on the basis of the direct cost actually incurred at the year-end date.

The "*Finished products and goods*" item includes inventories of goods intended for sale, on which a write-down fund of € 108,000 sent over the period was determined.

The "*advance payments*" item includes advance payments to suppliers for the purchase of goods.
At 31 December 2020 no goods in stock were granted as collateral for financing or other transactions outstanding on those dates.

The following are the changes to the obsolescence provisions:

OBSOLESCENCE PROVISIONS	value 31/12/2019	value merger	increases	reductions	value 31/12/2020
Stocks obsolescence fund	108,000	0	0	0	108,000
total	108,000	0	0	0	108,000

The current situation related to Coronavirus could affect the group's ability to make inventory at values above cost. At present it is not possible to predict what the impact related to this situation will be. Note that the Group mainly produces on the basis of specific orders from customers and therefore does not accumulate inventories: this circumstance reduces the risk of accumulating excess stocks, limiting the risk to any cancellation of orders in production. Contractual clauses also allow the Group to be able to request refreshments from customers on current production.

8. Trade receivables

At 31 December 2020 the following are the details of changes to trade receivables:

TRADE RECEIVABLES	31/12/2020	31/12/2019
Receivables versus customers	15,439,184	15,431,978
Receivables depreciation fund	-1,448,250	-1,383,981
total	13,990,934	14,047,997

The *Receivables versus customers* amount to € 15,439,184 gross of the bad debt provision of € 1,448,250 (a fund that is considered adequate to deal with existing insolvency risks).

The fund for credit devaluation receivables refers to items that may be bad debt, as well as to late payment and a watchlist, recorded under changes:

RECEIVABLES DEVALUATION FUND	value 31/12//2019	increases	decreases	value 31/12/2020
Receivables devaluation fund	1,383,981	64,269	0	1,448,250
total	1,383,981	64,269	0	1,448,250

The receivables devaluation provisions refers to items that may be bad debt, as well as to late payments and watchlist loans. The reductions relate to uses for receivables from customers declared bankrupt or receivables that are no longer recoverable.
There are no positions in a non-EU currency.
The current situation related to Coronavirus could affect the collection times of receivables and the full recovery of credit positions towards customers, by virtue of the reduced potential financial capacity of the counterparties. Note that the Group has prevailing relationships with significant groups in the automotive sector, an therefore it is believed that the risks are limited only to the timing of collection of said receivables and not to the financial strength of the contractual counterparties. It is not possible to make reliable estimates on this risk at the moment.

9. Current tax credit

At 31 December 2019 the following are the details of changes to current tax credit:

INCOME TAX CREDIT	31/12/2020	31/12/2019
Inland Revenue Account Ires	51,980	157,204
Inland Revenue Account Irap	171,661	64,321
Tax payable IRES	-41,774	-67,464
Debt tax IRAP	-158,219	-195,171
Subtotal	23,648	-41,110
Modelleria Ara consolidation	-6,794	74,066
total	16,854	32,956

10. Other receivables and current assets

At 31 December 2020 the other receivables and current assets are detailed as follows:

OTHER RECEIVABLES AND CURRENT ASSETS	31/12/2020	31/12/2019
VAT account receivable	578	93,293
miscellaneous tax credit	14,926	11,328
Other current receivables	1,838,389	1,961,966
Accrued income	2,698	1,248
Deferred income	715,515	578,520
total	2,572,107	2,646,355

The tax credits item refers to the sanitation tax credit for € 18,381 provided for by the "Cura Italia" Decree Article 64 and to the tax credit for hyper and super depreciation for € 429,457 provided for by the 2020 Budget Law no. 160/2019 article 1 section 184-197.

Financial assets that are not fixed assets refer to active derivative instruments. They are interest rate hedging instruments in relation to financing and exchange hedging transactions, a decision dictated by the depreciation of the US dollar.

NON-FIXED FINANCIAL ASSETS	31/12/2020	31/12/2019
Derived financial instruments assets	136,695	0
total	136,695	0

The following are the main items that make up the other receivables:
Advances to suppliers for € 988,326.
Other current receivables from Co.Stamp S.r.l. for € 416,417.

At 31 December 2020, no write-downs on receivables included in the item Other receivables and current assets were recorded.

Prepayments can be detailed as follows:

PREPAYMENTS	
Miscellaneous staff costs	232,024
Consultancy	209,567
Preliminary investigation costs	78,738
Tax	61,745
Insurance	53,563
Maintenance fee	51,805
Maintenance	12,250
Aci	5,024
Rental fee	4,123
Bank charges	3,701
Utilities	985
Passive interests	973
Patents	550
Other deferrals	233
Miscellaneous charges	233

Total	715,515

Accrued income can be detailed as follows:

ACCRUED INCOME	
Other accrued income	2,348
Utilities	350
Total	2,698

11. Short term financial assets

At 31 December 2020, the value of the short-term financial assets was € 2,672, resulting from the consolidation of the subsidiary Modelleria Ara S.r.l. referring to unlisted third-party shares.

12. Cash and cash equivalents

At 31 December 2020 the cash and cash equivalents were as follows:

CASH AND CASH EQUIVALENTS	31/12/2020	31/12/2019
Bank deposits	10,359,343	6,207,368
Cash values	4,029	5,649
Subtotal	10,363,372	6,213,017
Modelleria Ara Consolidation	354,016	309,303
total	10,717,388	6,522,320

At 31 December 2020 the credit lines, granted by the banks, which the Group had available, amounted to € 23,900,000 (self-liquidating), € 15,000,000 (factoring), € 1,600,000 (cash) and were not burdened by any real guarantees.

At 31 December 2020 the uses are composed as follows:

- € 11,942,302 for self-liquidating lines
- € 14,745,100 for factoring lines

13. Non-current assets destined for sale

At 31 December 2019 there were no non-current assets destined for sale.

8. NOTES ON THE NET ASSETS

1. Share capital

At 31 December 2020 the share capital of the Group was € 2,130,272, composed of 42,605,447 ordinary shares with no nominal value.

2. Dividends

The Group did not distribute dividends during this financial year.

3. Other reserves

At 31 December 2020 the other provisions are detailed as follows:

OTHER RESERVES	31/12/2020	31/12/2019
Legal reserve	65,960	65,960
Extraordinary reserve	120,562	120,562
Building revaluation reserve	1,060,124	1,060,124
IAS reserve	-388,528	-433,651
Surcharge reserve	20,901,954	19,984,512
Reserve to cover cashflow	18,658	0
Own shares	-230,345	-230,345
total	21,548,385	20,567,162

Note that the legal reserve, equal to the minimum measure required by article 2430 of the Italian Civil Code, is unavailable and if reduced for any reason it must be reinstated in accordance with the 1st section of the article in question.

The revaluation reserve pursuant to article 15 Decree-Law 185/2008, in suspension of tax, can be used in the following cases:

allocation to share capital;

- reduction of share capital due to excess, etc;
- coverage of losses, provided that profits are not distributed until it is reinstated or the reduction is decided on by the extraordinary shareholders' meeting.

With the exception of the share capital and the legal reserve, all reserves are available.

in Euros	Amount	use
Share capital	2,130,272	B
Legal reserve	65,960	B
extraordinary reserve		ABC

Building revaluation reserve	1,060,124	ABC
IAS variation reserve	-388,528	ABC
Surcharge reserve	20,901,954	ABC*
Own shares	-230,345	
Reserve to cover cashflow	18,658	
Profit (loss) in the financial year	775,454	
Total net assets	24,454,111	

9. NOTES ON BALANCE SHEET LIABILITIES

Values in Euros

14. Severance pay

The following are the details of changes to severance indemnity at 31 December 2020:

Benefits for employees	31/12/2020	31/12/2019
Employee severance indemnity	1,385,902	1,398,626
Subtotal	1,385,902	1,398,626
Modellerie Ara consolidation	102,634	85,528
total	1,488,536	1,484,154

Severance indemnity is paid to each employee of the Group on the date of termination of the employment relationship.

In the context of the IFRS, as of 01.01.2017 following the reform, it can be assimilated to a "post-employment benefit" of the "defined contribution program" type.

Severance pay is a fund which is not financed and entirely set aside.

The financial component is entered under financial charges, while actuarial gains/losses have been accounted for directly in shares, net of the related tax effect.

Based on the provisions of the IAS 19 valuation parameters, the severance pay calculation was made considering the following assumptions:

Financial evaluation rate	1.00%
Mortality table	ISTAT 2016 divided by sex
Disability table	INPS 2000
Annual turnover	1.50%
Constant annual inflation	1.00%

SENSITIVITY ANALYSIS	base hypothesis	variance hypothesis	value	severance indemnity	variance in %
Evaluation rate	1,00%	0.5	1.50%	1,284,890	-7.29%
		-0.5	0.50%	1,498,020	8.09%
Inflation rate	1,00%	0.5	1.50%	1,442,758	4.10%
		-0.5	0.50%	1,332,434	-3.86%
Turnover rate	1,50%	0.5	2.00%	1,367,011	-1.36%
		-0.5	1.00%	1,407,554	1.56%
IAS 19 Evaluation				1,398,626	

15. Risks and charges fund

At 31 December 2020 the following are the details of changes to the risks and charges FUND:

RISKS AND CHARGES FUND	31/12/2020	31/12/2019
Risks assessment fund	76,984	76,984
Derived instruments liabilities	106,597	0
total	183,581	76,984

The fund for assessment of risks refers to provisions relating to the assessment of the 2012 tax year pending in cassation, for which the sentences are favourable to the company, negative derivative instruments refer to interest rate hedging transactions in relation to foreign exchange financing and hedging transactions, a decision dictated by the depreciation of the US dollar.

16. Short and long term financial liabilities

At 31 December 2020, the following are the details of changes to the short-term financial payables:

FINANCIAL LIABILITIES	current liabilities	non-current liabilities	total
Financial payables to financial institutions	13,132,089	24,862,506	37,994,595
Leasing payables	1,394,644	3,485,957	4,880,601
Customer payables	0	4,772	4,772
total	14,526,733	28,353,235	42,879,968

	Total	within 1 year	beyond 1 year	beyond 5 years
Leasing capital payables	4,880,602	1,394,644	2,416,390	1,069,568
Payables to financial institutions	37,994,594	13,132,089	18,650,399	6,212,106

Payables to lenders refer to payables to credit institutions for medium/long-term mortgages and loans and for the use of credit lines.

With regard to loans, the following information is provided:

Financing	expiry	rate	base	spread	covenant
Raiffeisen	10/04/2025	Var.	Euribor 6m/360	2.3	
Iccrea	01/07/2021	Var.	Euribor 3m/360	2	
Bper/Mcc	13/07/2026	Fixed		1.8	
Creval	31/12/2030	Var.	Euribor 3m/360	3	
Banco BPM	01/07/2032	Fixed		1.89	
Creval	05/01/2023	Var.	Euribor 3m/360	1.05	
BPS	01/02/2031	Var.	Euribor 1m/360	1	
Unicredit	30/06/2025	Var.	Euribor 3m/360	1.35	
Creval	05/04/2026	Var.	Euribor 3m/360	1.75	
Mps	31/03/2026	Var.	Euribor 6m/360	1.15	
Cambiano	01/08/2026	Var.	Euribor 1m/360	2	

Banco BPM	30/06/2025	Var.	Euribor 3m/360	1.4	
Creval	05/01/2030	Var.	Euribor 3m/360	0.85	
BPS	01/03/2025	Var.	Euribor 1m/360	1.5	
Bper	12/02/2025	Var.	Euribor 3m/365	1.25	
Cambiano	01/11/2024	Var.	Euribor 1m/360	2.5	
Intesa	31/03/2026	Var.	Euribor 3m/360	2.1	
Credem	29/06/2022	Var.	Euribor 3m/360	1.65	
Unicredit	30/06/2021	Var.	Euribor 3m/360	1.5	
Ubi	08/01/2022	Var.	Euribor 3m/360	1.6	Commercial
Mps	30/06/2021	Var.	Euribor 3m/360	1.05	Funders
Bper	18/05/2023	Var.	Euribor 3m/360	0.95	
Simest	31/12/2026	Fixed		0.074	
BPER	45199	Var.	Euribor 3M/360	0.8	
BPER	45884	Fixed		1.25	

During 2016, three financial loan contracts were signed with the provision of commercial and financial covenants.
The effects derived from the verification of the commercial and financial indices, which highlighted the failure to comply with the financial covenants for two loan agreements at 31/12/2020 (the same as 31/12/2019), are shown in the table below:

Ante covenants check

Bank	Original payable	Payables at 31/12	rate within	rate beyond	rate
MPS	1,200,000	120,000	120,000	0	**0.92%**
UBI	1,000,000	220,289	203,272	17,017	**0.85%**
Total	3,200,000	340,289	**323,272**	**17,017**	

Post verification covenants

Bank	Original payable	Payables at 31/12	rate within	rate beyond	rate
MPS	1,200,000	120,000	120,000	0	**0.92%**
UBI	1,000,000	220,289	203,272	17,017	**1.60%**
Total	3,200,000	340,289	**323,272**	**17,017**	

The quota of debt to be repaid has been indicated among the payables due within the financial year.

As far as commercial covenants are concerned, there are no contractually negative results in the event of an overrun (increase in rates and/or early repayment clauses). With regards to financial covenants, exceeding them involves:
For UBI financing, the application of a higher interest rate;

- UBI, whose debt as of 31/12/2020 is € 220,289 whose breach of the agreement involves the application of the interest rate. It should be noted that this agreement was also breached previously (financial year 2017, 2108 and 2019) and that the maximum contractually applicable interest rate (1.60%) is currently applied to the company.

As of now, the company has regularly repaid the depreciation plan and the residual debt is € 220,289.

17. Trade payables

At 31 December 2020 the following are the details of changes to the trade payables:

TRADE PAYBALES	31/12/2020	31/12/2019
Payables versus suppliers:		
Italy / International	14,561,712	16,690,630
total	14,561,712	16,690,630

At 31 December 2019, trade payables related to the amount due for supplies of capital and consumer goods, materials, services received, services and other operating costs. The debt includes appropriations for invoices to be received.
The current situation related to Coronavirus could have a potential effect on relations with suppliers related on the one hand to the procurement process, on the other hand to any disputes/proceedings should the Group not fulfil its obligations towards the counterparties. At present, even if there are overdue payments to suppliers, they are part of the normal operating process. The Group has not activated specific requests from suppliers nor are there any actions by them.

18. Other payables and current liabilities

At 31 December 2020 the following are the details of changes to the current liabilities:

OTHER LIABILITIES AND CURRENT PAYABLES	31/12/2020	31/12/2019
Tax payables	353,196	471,641
Payables versus lenders	721,679	774,706
Other payables	8,871,504	7,582,662
Accrued liabilities	64,825	104,218
Deferred income	434,444	23,080
Modelleria Ara Put	10,445,648	8,956,307
Subtotal	307,978	257,284

total	10,753,626	9,213,591

The *tax payables* of the parent companies are detailed as follows:

TAX PAYABLES	31/12/2020	31/12/2019
Inland Revenue for employees and collaborators	333,163	455,871
Inland Revenue withholding taxes on self-employed workers	6,233	11,289
Other tax payables	13,800	4,480
total	353,196	471,640

The parent company's *payables versus social security institutions* are summarised as follows:

PAYABLES VERSUS SOCIAL SECURITY INSTITUTIONS	31/12/2020	31/12/2019
Payables to INPS	575,307	628,762
Cometa pension fund	104,037	106,785
Fasi entity	1,165	200
Matasalute pension fund	3,393	3,536
Generali Ina Assitalia Severance indemnity fund	8,200	4,523
Arca previdenza	1,620	1,738
Alleata previdenza	12,739	14,152
Posta vita	1,662	1,762
Intesa vita	4,519	2,858
Unipolsai assicurazioni	3,007	0
Reale mutua assicurazioni	499	0
Allianz	887	695
Mediulanum vita	670	674
Vittoria Assicurazioni	715	748
Fondo Prevendapi	2,954	7,968
Finanziaria familiare spa	305	305
total	721.679	774.707

The *payables versus others* of the parent company are summarised as follows:

OTHER PAYABALES	31/12/2020	31/12/2019

Employees accrued vacation / 13 ^	1,479,357	1,684,057
Employee compensation	572,641	621,018
Employees reimbursement of expenses	-76	-172
Remuneration of directors	53,960	56,318
Remuneration collaborators		0
Unions	2,434	2,320
1/5 salary assignment	8,677	6,914
Miscellaneous payables	1,646,596	252,699
Credit card	217	14,991
Telecom payables	1,492	7,412
Payables to insurance companies	934	482
Italian customers advance payments	721,719	2,884,415
Foreign Customers advance payments	4,383,553	2,052,208
total	8,871,504	7,582,662

The parent company's *accrued expenses and deferred income* are summarised as follows:

ACCRUED LIABILITIES	
Interest payable	51,577
Utilities	10,012
Tax	1,905
Other accrued liabilities	933
Rental fees	305
Aci	70
Banking costs	23
Total	64,825

PREPAYMENTS	
Iper/Super credit	419,510
Miscellaneous proceeds	14,934
Total	434,444

10. NOTES ON THE PROFIT AND LOSS ACCOUNT

Values in Euros

1. Revenue from sales and services

At 31 December 2020 the revenue from sales and services, compared to 31 December 2019, are summarised as follows:

REVENUE FROM SALES AND SERVICES	31/12/2020	31/12/2019
Sales revenue:		
Italian revenue	27,516,839	29,086,569
EU revenue	7,555,343	17,266,604
Revenue from outside of the EU	11,410,978	7,932,638
Variances in processed, semi-finished and finished goods	-246,662	-9,681
Variances for ongoing order-based works	2,635,002	1,236,037
Subtotal	48,871,500	55,512,167
Modelleria Ara consolidation	1,209,796	1,156,121
total	50,081,296	56,668,288

Information relevant to analysis of the revenue trend is included in the Annual Report.

2. Other revenue

At 31 December 2020 the other revenue, compared to 31 December 2019, are summarised as follows:

OTHER REVENUE	31/12/2020	31/12/2019
Other revenue	672,648	727,886
Account contributions in the financial year	215,716	698,679
Contingent assets	298,559	251,751
total	1,186,923	1,678,316

The item other revenue mainly refers to previous insurance claims for € 49,173 and various revenue in the amount of € 536,227.

3. Costs for goods and services

At 31 December 2020 the other revenue, compared to 31 December 2019, is summarised as follows:

COSTS FOR GOODS AND SERVICES	31/12/2020	31/12/2019
Raw materials, auxiliaries and consumables	18,174,397	19,342,071
Inventories variances	-621,962	-62,696
Services	11,821,666	15,841,114
Use of third-party goods	57,149	30,123
Contingent liabilities	376,729	368,199
Subtotal	29,807,979	35,518,811
Modelleria Ara consolidation	1,345,910	747,553
total	31,153,889	36,266,364

For more information on the market trend and, consequently, of the above items, please refer to the Annual Report.

At 31 December 2020 the amount of the fees due to the auditors and the auditing firm for the performance of their functions can be summarised as follows:

REMUNERATION	31/12/2020
Remuneration of the Board of Auditors	23,500
Remuneration of the external Auditors	47,000
total	70,500

The Remuneration which was paid on an accrual basis during the financial year to Crowe Bompani S.p.A. on the basis of the statutory audit assignment and for the audit of the consolidated financial statements.

4. Staff costs

At 31 December 2020 the staff costs compared to 31 December 2019 is summarised as follows:

STAFF COSTS	31/12/2020	31/12/2019
Salaries and wages	9,654,126	10,974,135
Social security charges	3,018,663	3,381,905
Severance pay provision	679,897	679,761
Other costs	367,140	313,059

Subtotal	13,719,826	15,348,860
Modelleria Ara consolidation	500,452	520,930
total	14,220,278	15,869,790

There were no intra-group transactions to be eliminated.
We point out that the annual quota of the severance indemnity provision does not include the provision for pension funds which, according to IAS 19, are defined contribution plans.

The average number of employees, broken down by Group companies, is detailed as follows:

NUMBER OF EMPLOYEES	31/12/2020	31/12/2019
Senior executives	1	2
Cadres (junior executives)	14	15
White collar workers	87	85
Blue collar workers	148	158
Apprentices	12	11
Subtotal	262	271
Modelleria Ara consolidation	12	12
total	274	283

NUMBER OF EMPLOYEES	31/12/2020	31/12/2019
Open-ended contracts	2	7
Apprentice contracts	15	11
Fixed term contracts	257	265
total	274	283

NUMBER OF EMPLOYEES	31/12/2020	31/12/2019
Temporary workers	4	3
total	4	3

5. Depreciation and write-downs of receivables

At 31 December 2020 the other revenue, compared to 31 December 2019, is summarised as follows:

DEPRECIATION AND PROVISIONS	31/12/2020	31/12/2019
Depreciation of intangible assets	548,636	599,807
Depreciation of tangible assets	2,677,592	2,669,593
Other write-downs of fixed assets	0	0
Bad debt	64,269	65,015
Subtotal	3,290,497	3,334,415
Modelleria Ara consolidation	355,065	282,575
total	3,645,562	3,616,990

We refer to the comments on the corresponding asset items. A write-down of trade receivables was carried out during the financial year in order to adjust the bad debt provision to the items for which a realisation risk was identified.

6. Other costs and charges

At 31 December 2020 the other costs and charges, compared to 31 December 2019 are summarised as follows:

OTHER COSTS AND CHARGES	31/12/2020	31/12/2019
Miscellaneous operating costs	404,307	538,748
total	404,307	538,748

The other operating expenses item mainly relates to the loss from the sale of assets for € 158,065, to costs for defective products for € 155,857 and to the municipal IMU and Tasi taxes for € 130,293.

7. Financial revenue and charges and write-downs of financial assets

At 31 December 2020 the financial revenue and charges, as well as the write-downs of financial assets, compared to 31 December 2019 are summarised as follows:

FINANCIAL REVENUE AND CHARGES	31/12/2020	31/12/2019
Interest on leasing liabilities	-196,021	-293,762
Losses on exchange rates	-49,518	-47,801

Profit on exchange rates	8,226	72,010
Financial charges versus others	-594,586	-635,216
Subtotal	-831,899	-904,770
Modelleria Ara consolidation	-20,953	-24,048
Financial revenue	4,295	1,435
total	-848,557	-927,383

The item financial charges to others includes the interest accrued in the financial year towards credit institutions for the use of credit lines and loans.
The item Extraordinary income and charges includes extraordinary consultancy costs in relation to the establishment and transfer of the company Alunext and the spin-off of the real estate sector.

EXTRAORDINARY REVEUE AND COSTS	31/12/2020	31/12/2019
Disinfection tax credit	18,381	0
Extraordinary transaction consultancy	-124,019	
total	-105,638	0

8. Taxes

At 31 December 2020 the taxes, compared to 31 December 2019, are summarised as follows:

TAXES		31/12/2020			31/12/2019	
	IRES	IRAP	TOTAL	IRES	IRAP	TOTAL
Current taxes	-37,249	-175,516	-212,765	8,384	-207,131	-198,747
Deferred tax assets	-236,948	-6,699	-243,647	-264,817	-7,958	-272,775
Deferred tax liabilities	294,091	47,789	341,880	227,055	34,581	261,636
total	19,894	-134,426	-114,532	-29,378	-180,508	-209,886

OTHER INFORMATION

Contingent liabilities

The Group has not recorded any potential liabilities.

Pledges and guarantees granted to third parties

The Group has not granted pledges or guarantees to third parties.

Events subsequent to the year end

In addition to those in the "Introduction" section the significant events that occurred after the end of the financial year are highlighted, such as:

- As agreed, the 51% stake in Alunex was sold to Streparava Holding. This transaction, as indicated in the introduction, will allow Alunext to strategically position itself in the production of aluminium alloy castings by enhancing the development of LPF technology and will focus on the Premium Cars market, integrating the expertise of Costamp Group of the Foundry Business Unit and the industrial and commercial track record of Streparava. The transaction led to the collection of 4,500,000 Euros.

-The Board of Directors resolved on 24 February 2021 the project for the demerger of the real estate sector. The Demerger transaction in question pursues the aim of dividing the operational activities carried out with respect to the real estate complex, bringing all the elements of its real estate assets, consisting of industrial buildings, and the related liabilities, in favour of a newly established company, thus to develop the two activities in the best possible way and optimise the management of the real estate complex and the costs associated with its administration and security.

This transaction aims to achieve efficiency in the logistics and related costs. Costamp Group will thus have greater flexibility in terms of use of production facilities, as it will be able to more easily evaluate how to structure production, freeing itself from the management of properties that may no longer be useful for its business.

- With reference to the "coronavirus”, it should be noted that this situation, at the date of this Balance Sheet, has not created any repercussions on production activity, which continues without any reduction, both in terms of workforce and production capacity. There are no delays in either procurement or delivery of orders. There were no cancellations of orders and the ongoing negotiations continue.

Although this situation has not yet created repercussions on the business, it is not excluded that this may happen in the near future. In any case, the Company believes that it can deal with these situations both with the financial resources available, also drawing on the credit lines currently in place, as well as, where necessary, the support measures currently provided by the Government.

9. Information notice pursuant to article1(125) of law no. 124 of 4 August 2017

Note that the company received the following grants during the financial year:

- H2020 grant for € 39,299
- Sabatini Law grant for € 62,265
- Simest grant for € 100,000
- Investment grants in the amount of € 14,152
- Non-refundable grant (art.25 Decree Law no. 34 of 19 May 2020)
- Disinfection and PPE tax credit (art.125 Law Decree no. 34 of 19 May 2020)

- Sabatini Law grant art. 2 Decree Law no. 69/2013

10. Pledges and guarantees

Liabilities backed by collateral

The Group has contracted a voluntary mortgage on the following loan agreements:

- the property owned by the Parent Company, located in Sirone (LC) Via Verdi 6, on which a voluntary mortgage against a mortgage granted by Banco Popolare is registered;

- the property owned by the Parent Company, located in Cornate d'Adda (MB) Via primo Stucchi, on which a voluntary mortgage is registered against a mortgage granted by Credito Valtellinese;

- the property owned by the Parent Company, located in Rivalta (TO) Via Coazze 25, on which a voluntary mortgage is registered for a loan granted by Credito Valtellinese.

- the property owned by the Parent Company, located in Sirone (LC) Via Verdi 6, on which a voluntary mortgage against a mortgage granted by Banco Popolare di Sondrio is registered;

Disclosure on financial instruments and financial risk management

The following tables relating to the current year report the information on financial instruments and risk management required by IFRS 7 in order to assess the relevance of the financial instruments with reference to the Group's equity, financial and economic results.

Categories of financial assets and liabilities

Table with categories of financial instruments

Financial assets at 31/12/2020 (Values in Euros)	Financial assets at fair value	Financial assets held until expiry	Receivables and loans	Financial assets available for sale	Balance sheet value	fair value
Trade receivables	-	-	13,990,934	-	13,990,934	13,990,934
Credit for current taxes	-	-	16,854	-	16,854	16,854
Other receivables and current assets	-	-	2,572,107	-	2,572,107	2,572,107
Short-term financial assets	-	-	2,672	-	2,672	2,672
Non-current assets destined or sale	-	-	-	-	-	-
Total	-	-	16,582,567	-	16,582,567	16,582,567

Financial liabilities at 31/12/2020 (Values in Euros)	Financial liabilities depreciated at cost	Coverage derivatives	Financial liabilities at fair value on profit and loss account	Non-financial liabilities	Balance sheet value	fair value
Long-term financial liabilities	28,353,235	-	-	-	28,353,235	28,353,235
Short-term financial liabilities	14,526,733	-	-	-	14,526,733	14,526,733
Trade payables	14,561,712	-	-	-	14,561,712	14,561,712
Other liabilities and current liabilities	10,753,626	-	-	-	10,753,626	10,753,626

Liabilities for current taxes	-	-	-	-	-	-
Total	68,195,306	-	-	-	68,195,306	68,195,306

The *fair value* was calculated as follows:

		Fair value hierarchy		
Financial assets at 31/12/2020 (Values in Euros)	**Fair value**	**Prices quoted on observable current markets (level 1)**	**Significant observable Input (level 2)**	**Significant non observable input (level 3)**
Trade receivables	13,990,934	-	-	13,990,934
Current tax credits	16,854	-	-	16,854
Other current receivables and assets	2,572,107	-	-	2,572,107
Short-term financial assets	2,672	-	-	2,672
Non-current assets held for sale	-	-	-	-
Total	16,582,567	-	-	16,582,567

		Fair value hierarchy		
Financial liabilities at 31/12/2020 (Values in Euros)	**Fair value**	**Prices quoted on observable current markets (level 1)**	**Significant observable Input (level 2)**	**Significant non observable input (level 3)**
Long-term financial liabilities	28,353,235	-	-	28,353,235
Short-term financial liabilities	14,526,733	-	-	14,526,733
Commercial debts	14,561,712	-	-	14,561,712
Other current payables and liabilities	10,753,626	-	-	10,753,626
Current tax payables	-	-	-	-
Total	68,195,306	-	-	68,195,306

In application of Accounting Standard IFRS 13, the calculation of fair value instruments is carried out taking into account the counterparty risk.

Profit and loss account IAS 39 categories

Financial costs and revenue

IAS 39 categories at 31 December 2020 (values in Euros)	**Interest**	**fair value variances**	**profit/loss from trade**	**profit/loss on exchange rates**	**total revenue and financial charges**	**Variances in net asset provisions**
Financial charges	(852,852)	-	-	-	(852,852)	-
Financial income	4,295	-	-	-	4,295	-
Write-down of financial assets	-	-	-	-	-	-
total	(848,557)	-	-	-	(848,557)	-

Liquidity Analysis at 31 December 2020

	Time Band			
(value in Euros)	< 1 year	1-5 years	> 5 years	total
Financial assets at 31/12/2019				
Trade receivables	13,990,934	-	-	13,990,934
Current tax receivables	16,854	-	-	16,854
Other receivables and current assets	2,572,107	-	-	2,572,107
Short-term financial assets	2,672	-	-	2,672
Non-current assets destined for sale	-	-	-	-
total	16,582,567	-	-	16,582,567
Financial payables at 31/12/2019				
Long-term financial payables		21,066,789	7,286,446	28,353,235
Short-term financial payables	14,526,733	-	-	14,526,733
Trade liabilities	14,561,712	-	-	14,561,712
Other payables and current payables	10,753,626	-	-	10,753,626
Payables for current taxes	-	-	-	-
total	39,842,071	21,066,789	7,286,446	68,195,306

The Group is exposed to financial risks associated with its activities:

- market risk (mainly relating to exchange and interest rates), as the Group operates internationally and is exposed to exchange rate risk;

- credit risk in relation to commercial relations with customers;
- liquidity risk, with particular reference to the availability of financial resources and access to the credit market and financial instruments in general;

- price risk in relation to fluctuations in the price of metals which constitute a significant quota of the purchase prices of the raw material.

The Group is not exposed to a significant concentrations of risks.
As described in the Annual Report, the Group constantly monitors the financial risks to which it is exposed, in order to assess potential negative effects in advance and take appropriate actions to mitigate them.
This section provides qualitative and indicative guidelines on the uncertainty of these risks for the Group.
The quantitative data shown below does not have a forecasting value; in particular, the sensitivity analyses on market risks cannot reflect the complexity and related relationships of the markets that can result from any possible change.

Exchange rate risks

The Group operates mainly on international markets and is therefore exposed to exchange rate risks in relation to the countries where its customers are located.
In 2020, approximately 52.00% of its turnover remained in Italy.

The remaining 48.00% of turnover derives from commercial transactions concluded in the rest of Europe (for 32.00%), in Central and North America (i.e. in Mexico and the USA, for 15.00%) and in the Asian (i.e. India and China for the remaining 1.00%).
In 2020, the total amount of trade flows directly exposed to exchange rate risk was equivalent to approximately 2% of the Group's turnover, solely with Nemak USA customers.
This is why the Group did not use specific exchange rate hedging instruments in 2020.

Exchange rate risk sensitivity analysis
The potential loss resulting from the change in the fair value of financial assets and liabilities as a consequence of a hypothetical and immediate appreciation of 10% of the Euro on the main foreign currencies is not significant.

Interest rate risk
Group companies use external financial resources in the form of debt and use the liquidity available in bank deposits.
Changes in the levels of market interest rates affect the cost and return of the various forms of financing and use, therefore affecting the Group's financial charges.
The Group's policy is to not hedge, given the short average duration of existing loans (approximately 5 years).
As better described in the notes of the balance sheet liabilities, at 31 December 2019 the gross financial debt, negotiated at a variable rate, amounted to € 42.879.968 of which € 14.526.733 as the short-term quota and € 28.353.235 as the medium- long term quota, while cash on the current account amounted to € 10.717.388.

Sensitivity analysis relating to interest rate risk
The effects of a hypothetical instantaneous increase of 2% in interest rates would result in higher financial charges for the Group of approximately € 350,000 during 2021.

Credit risk
The maximum theoretical exposure to credit risk for the Group at 31 December 2020 is represented by the book value included in the financial statements.
However, the Group has historically not suffered significant credit losses; this is because the Group companies generally operate with customers of proven solidity and solvency.
The positions, if individually significant, for which there is an objective condition of partial or total impossibility to collect are subject to individual devaluation; the amount of the write-down takes into account an estimate of the recoverable flows and the related collection date and future recovery costs and expenses; funds are allocated on a collective basis against receivables that are not subject to individual devaluation, taking into account historical exposure and statistical data. We refer to what was previously indicated in the trade receivables section in relation to the risks associated with the effects of Coronavirus.
At 31 December 2020 trade receivables amount to € 13,990,934.

Liquidity risk

The liquidity risk can be manifested by the inability to find, at economic conditions, the financial resources necessary for the Group's operations.

The two main factors that determine the Group's liquidity situation are on the one hand the resources generated or absorbed by operating and investment activities, on the other the characteristics of maturity and renewal of the debt or liquidity of the financial investments and the market conditions.

The Group has adopted a series of policies and processes aimed at optimising the management of resources, reducing the liquidity risk:

- maintaining an adequate level of cash and cash equivalents;
- diversification of the credit institutions with which the Group operates;
- obtaining adequate credit lines;
- monitoring of prospective liquidity conditions, in relation to the business process.

The management believes that the funds and credit lines currently available, beyond the resources that are generated by the operating and financing activities, allow the Group to meet the needs derived from investment, working capital management and redemption asset debts at their natural maturity. There is a risk that the current situation related to Coronavirus may have effects on the ability to remodel and/or extend credit lines if necessary and/or obtain additional funding. In relation to this aspect, please refer to what is also reported in the "Introduction" section of the Annual Report.

Price risk

The Group is not exposed to the risks derived from fluctuations in metal prices which could affect profitability.

In particular, the purchase costs of metals recorded in 2020 in an amount equal to 71.00% of the total purchase costs of raw materials and semi-finished products.

The main metal that the Group uses is steel, a material that is purchased in Italy and/or in Europe on the basis of ad hoc commercial agreements for each order and which therefore allow the avoidance of risks of significant fluctuations. We also refer to what was previously indicated in the Inventories section in relation to the risks associated with the effects of Coronavirus.

Sensitivity analysis relating to interest rate risk

The effects of a hypothetical instantaneous increase or decrease of 0.5% in interest rates would result in higher or lower financial charges for the Group of approximately € 135,986 with reference to the natural maturity of the liabilities.

Sensitivity analysis	PFN	of which			increase +/- 0.5%
		Fixed rate	Variable rate	derivatives cover	
Long-term financial payables	28,353,235	12,655,155	15,698,080	-	68,229

Short-term financial payables	14,526,733	975,416	13,551,317	-	67,757
Cash	(10,717,388)	-	(10,717,388)	-	-
total	32,162,580	13,630,571	18,532,009	-	135,986

11. Remuneration of directors and board of statutory auditors

At 31 December 2019 the remuneration due to directors for carrying out their functions is detailed as follows:

DIRECTORS' REMUNERATION	31/12/2020
Remuneration	856,126
Expenses reimbursement	8,498
Subtotal	864,624
Modelleria Ara consolidation	293,803
total	1,158,427

During the year, no loans were disbursed to the Directors and at the reporting date the Group is not owed anything by them.

At 31 December 2020 the remuneration due to the Board of Statutory Auditors for the performance of their functions is detailed as follows:

REMUNERATION	31/12/2020
Remuneration of the Board of Statutory Auditors	23,500
total	23,500

12. Other information

Remuneration of the auditing firm

The Group has entrusted the statutory audit of the accounts of the financial statements for the years closed at 31 December 2020, 2021 and 2022 a Crowe Bompani S.p.A. With reference to the financial statements for the year ended 31 December 2020, the total remuneration due to the auditing company for the statutory audit of the Company's consolidated and financial statements is €47.000.

13. Significant facts

No other significant events occurred during the year.

For the Board of Directors
The Chairman

Marco Corti

The undersigned Dr. Ripamonti Fabio, registered with no. 15 of the Register of Chartered Accountants and Accounting Experts of the province of Monza and Brianza, as the person in charge appointed by the company, pursuant to article 31(2-quinquies) of Law 340/2000, declares that the electronic document containing the balance sheet and the profit and loss account, as well as these explanatory notes, comply with the original documents filed at the company's premises.

FABIO RIPAMONTI

Stamp duty paid virtually through the Chamber of Commerce of LECCO - LC: aut. AGEDRLOM no. 0156525 of 07.11.2018