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 al 31/12/2021

Dear Shareholders,

this Annual Report, drafted by the Board of Directors, is based on the consolidated financial statements of Costamp Group S.p.a. ("Costamp Group") relating to the financial year ended 31 December 2021, drafted in accordance with the 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 explaining the Annual Report and the mandatory points, a premise is required which states as follows.

Premise

Purpose of the informative notice

The purpose of this preliminary informative statement is to cover at least three essential points which in what we can call the "coronavirus environment" are of particular importance also because the accounting standard 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 end of the year that present a significant risk of also giving rise to significant adjustments to the accounting values regarding of assets and liabilities within the following year.

We will then go on to detail the individual points that we consider important to give complete information to readers of the financial statements. To give an appropriate interpretation of the result, it is necessary to remember the external "Coronavirus" factor and the extraordinary transactions carried out in this situation:

Coronavirus

This situation at the relevant date (31 December 2021) of this report is still in the midst of its problem, the containment strategies appear different even if vaccines are being distributed, and therefore the only temporary solution is seen as the use of 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 smart working is not always able to adequately compensate for a lack of presence. The company has developed the contrast and protection plans that it had already set up regarding the health factor.

Extraordinary transaction Alunext Srl

Alunext S.r.l. was established on 18 December 2020, through the contribution by Costamp Group S.p.A., of its Foundry Business Unit branch which includes multiple HPDC and LPDC technologies as well as the new Low Pressure Forging (LPF) technology.

On 29 January 2021, the industrial alliance dedicated to the production of aluminium alloy castings through Low Pressure Forging (LPF) technology was finalised with the company Streparava S.p.A., an international player in the supply of components and systems for powertrain and chassis, through the acquisition of Streparava S.p.A. by Costamp Group S.p.A. of 51% of Alunext S.r.l.

This transaction allows Costamp and Streparava to operate jointly through Alunext and in synergy in the aluminium casting foundry sector, pooling Costamp's assets and technological capabilities with Streparava's technical, industrial and commercial know-how in automotive sector.

The joint initiative is part of the Costamp Group's growth and investment strategy, as a differential element to accelerate an increase in the Group’s profitability and solidity.

The industrial alliance is based on the wish to provide the national and international market with a single reference point through the contribution of two highly specialised players in the automotive sector, able to integrate strong industrial expertise in the foundry field with in-depth knowledge 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 address the Premium Cars market, synergistically integrating the technical and technological skills of Costamp and Streparava.
Note that the Group has not deprived itself of the department considering that it maintains a role in the management and that from the logistical point of view this department continues its business activities in the same real estate sites.

The transaction allowed the Group not only to find an important technical commercial partner but also to have an important cash flow equal to 4.5 million Euros which obviously is expected to be used in the context of the core business (this is a capital gain transaction and therefore with a positive effect on the 2021 income statement).

Extraordinary transaction Costamp Real Estate S.p.A.
On 16 June 2021, through the proportional partial demerger of the company Costamp Group S.p.A., the company Costamp Real Estate S.p.A. was established, in order to divide 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.

As a result of the Demerger, the Costamp Group's net book equity was reduced by €7,313,069, entirely from the reserves, without any reduction in share capital.
The transferred assets, to which the fixed plants, industrial buildings and prepaid taxes refer, are equal to € 17,609,206 net of accumulated depreciation, while the transferred liabilities, which refer to the financial liabilities linked to the real estate complex and to the Deferred taxes amounted to € 10,296,137 million.

This transaction aims to obtain efficiency of the logistics and related costs. Costamp Group will therefore 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.

Russia-Ukraine crisis
The crisis and the consequent Russian-Ukrainian war that began in February 2022 and the international sanctions adopted against Russia and Belarus will inevitably produce effects also for Italian companies and for the 2021 financial statements. This situation is certainly a typical case of a subsequent event.

In fact, the events and developments of the war will have their effects on the equilibrium of companies that have productive, commercial and financial relations with the countries to which they relate.
In fact, for the 2021 financial statements, the war certainly is a typical case of a subsequent event, which could have different impacts on the same:
- subsequent events that affect the financial statements;
- subsequent events that have no effect on the financial statements, but which must be reported in the explanatory notes;
- subsequent events that affect business continuity.

In the case of the Russian-Ukrainian crisis for the 2021 budget, the types of subsequent events to be taken into consideration are the second and third.
In fact, the ongoing conflict, which began on 20 February 2022, must be classified among "subsequent events that must not be included in the balance sheet values", being a situation that arose after the balance sheet date and certainly not foreseeable at that date.

If the Russian-Ukrainian crisis has no effect on the valuation of the balance sheet items, as a subsequent fact to be accounted for in the Explanatory Notes and in the Annual Report, the same cannot be said for the assessment of the assumption of business continuity, especially for larger companies. or for those that already had significant uncertainties.
The legislation provides that if the events subsequent to the close of the financial year generate significant uncertainties on the prospect of business continuity, the directors must take them into account in their assessments.

In this context, characterized by these significant uncertainties, even if the prospect of business continuity remains reasonable, information relating to the risk factors, the assumptions made and the uncertainties identified must be clearly provided in the Explanatory Notes and in the Annual Report, as well as future business plans to address these risks and uncertainties.

The Group has had productive commercial relationships with the company Reault Russia, to which it is exposed for credit of € 526,000, considering it to be an important automotive group and with the information in our possession it is believed that the risk is linked only to the delay of payment, but that it will be paid.

Note that in 2021 the Group took advantage of the financial support opportunities proposed by the Italian Government by taking advantage through State-guaranteed loans that were disbursed through various credit institutions for a total amount of € 10.0 million.
Note that the Group has decided to take advantage of this opportunity in order to be ready for any problems related to the global pandemic that was still showing its effects in the first half of 2021 and to be ready to seize any opportunities that may arise in the market. .

The Group also took advantage of this condition to improve several aspects:
The company/production procedures were made structural with the insertion of a double work shift. Procedures were 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 an important improvement in efficiency;
During the year, the integration process of the Sirone, Turin and Correggio Business Unit continued, as well as with the investee companies Modelleria Ara Srl and Pama Srl.
The development of the costs accounting system and the activity linked to law 231 continued.

Moving on to listing the numerical details, in the financial year ended 31 December 2021, the Group recorded revenue of 53.23 million Euros with a production value of 54.52 million Euros, compared to similar data, referring to the previous year ended 31 December 2020 of 47.71 million Euros and 51.27 million Euros respectively.
The gross operating margin (EBITDA) stood at 8.40 million Euros, with an incidence on turnover of 15.40% (5.49 million Euros and an incidence of 10.71% at 31 December 2020).
The net financial position at 31 December 2021 was negative for 18.32 Euros, compared to 32.16 Euros at 31 December 2020.

2021 was characterized by a continuous commitment to R&D, predominantly with regard to the project called LPF. This project has suffered some delays caused by the optimisation of the production cycle but will achieve its goal in the first half of 2022 with the commissioning of the IDRA LPF 2000 island, making this project an industrial plan in all respects, the costs have been charged to the income statement and in 2022 the company will benefit from the tax credit.

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

These are the elements that allow us to show not a mannered optimism but to have a reasonable outlook on the future.

Therefore, taking into account consolidated shareholders' equity of € 20,964,444, given the cash and cash equivalents of € 21,165,777 and the unused credit lines available to date, the profit achieved in 2021 and that envisaged by the company plans in place which provide for an increase in profitability, of 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 deem it appropriate to use the going concern assumption in drafting the Company's financial statements and those of the Group also because there have been no obvious problems to date.

The Explanatory Notes have been provided with information relating to the illustration of the consolidated financial statements as at 31 December 2021; this report provides information regarding the Group's economic, equity and financial situation and information on operating performance.

COMPANY ORGANS

Board of Directors

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

In office until approval of the 2022 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 approval of the 2022 balance sheet

External auditors

Crowe Bompani Spa

In office until approval of the 2022 balance sheet

Nomad

Integrae Sim Spa

THE ORGANISATIONAL STRUCTURE OF THE GROUP AT 31 DECEMBER 2021

As at 31 December 2021 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 the following shareholdings:
a 49% shareholding in PAMA; this company has a turnover of approximately € 2.5 million, of which approximately € 1.0 million towards Group companies and the company ALUNEXT; this company has a turnover of approximately € 7.1 million, of which approximately € 4.3 million from 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 aluminium and magnesium moulds for high pressure and the production of large thermoplastic moulds, it has supported the technology for the production of low pressure moulds. These are technologies not in competition with each other but rather they are synergistic.

The key to success is the ability to offer customers tested and functional products ready for production, through 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 2021 and provides the most updated forecasts for 2022.

Sustained growth of the Italian GDP was forecast for the two-year period 2021-2022 (+6.3% for 2021 and +4.7% for 2022).

The increase in GDP is mainly determined by the contribution of domestic demand net of inventories (respectively +6.0 and +4.4 percentage points in the two years) which is associated with a more contained contribution of net foreign demand (+0.3 percentage points in both years). The stocks, on the other hand, would provide a nil contribution.

Investments will support the recovery with a more pronounced intensity in 2021 (+15.7%) than in 2022 (+7.5%). Consumption by resident families and ISPs will also show a marked increase (+5.1% and +4.8%).

The evolution of employment, measured in terms of AWU, will follow the improvement in economic activity with a more pronounced increase in the current year (+6.1%) compared to 2022 (+4.1%). The trend in the unemployment rate will instead reflect the gradual normalization of the labour market, with an increase in 2021 (9.6%) and a reduction in 2022 (9.3%).

The deflator of resident household spending will increase by 1.8% this year, reflecting the current acceleration of inflation which is expected to continue into 2022 (+2.2%).

The scenario presented considers the effects of the interventions envisaged by the National Recovery and Resilience Plan (PNRR), the still expansive orientation of monetary policy and the absence of significant measures to contain social and productive activities related to the health emergency.

The ongoing conflict between Russia and Ukraine and the consequent repercussions it could have on the European and world economy should be taken into due consideration:

<u>The economic sanctions decided upon against Russia</u>

Russia, isolated and targeted by sanctions, is drastically reducing its imports, including from Italy and this could cause problems for our companies. A direct consequence is the constant increase in the cost of raw materials that Russia and Ukraine produce in quantity, from sunflower oil to agricultural fertilizers and the same is happening for energy products. In this scenario, Russia is increasingly relying on China to resist Western sanctions.

<u>A Russian default is possible</u>

Thanks to China and the yuan, Russia is trying to avoid bankruptcy, even though it is clear that financial sanctions are giving a severe blow to its already tried economy.

In order to maintain the stability of the internal market, Russia is ready to ban the export of wheat and sugar, as well as mobility against foreign companies that withdrew from Russia after the invasion of Ukraine. Moscow has established that they can be declared bankrupt "within 3-6 months", with a rapid procedure that provides for "the accelerated temporary administration and sale of the companies".

<u>The consequences of the war for Italy and the West</u>

The first market to suffer is certainly the Ukrainian economy, which risks contracting by 35% in 2022, if the invasion carried out by Russia continues. This is explained by a preliminary report by the International Monetary Fund according to which, at best, the country's GDP will drop by 10%. Public debt is expected to rise from 50% in 2021 to 60% of the gross domestic product.

As regards the West, the economic crisis will be felt differently and will mainly affect the weaker classes, such as retirees, precarious workers and young people.

Another aspect of concern in reference to structurally poor countries, which also base their diet on products such as sunflower oil (half produced by Russia and Ukraine) and on wheat, in these contexts, food prices are increasing exponentially also due to the difficulties of keeping supply chains active.

In such a complex scenario, even the EU must abandon the dream of a runaway recovery, the economic impact of the war between Russia and Ukraine will be "far from insignificant" and will have a significant impact with an increase in energy prices, problems with raw materials and inflation will lead to additional costs on the budgets of different member countries and companies.

<u>The decisions of the ECB</u>

To support the economies, the European Central Bank (ECB) has been buying public securities and private securities for years, a purchase programme named Asset Purchase Programme (App), which in March 2022 had a downsizing.

The monetary policy of the ECB, destined to normalize in December, is aimed not to displease anyone in light of the war and the cross sanctions that the countries have put in place: fewer purchases of securities, but the increase in rates remains frozen.

SIGNIFICANT FACTS OF THE 2021 FINANCIAL YEAR

There are no further significant events that occurred in the first half of 2021, other than those indicated and detailed in this report in the Extraordinary Transactions section on pages 2 and 3, in relation to the Alunext and Costamp Real Estate extraordinary transactions.

OPERATING PERFORMANCE BALANCE SHEET, FINANCIAL AND ECONOMIC SITUATION OF THE COSTAMP GROUP AT 31/12/2021

The Group prepares 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 Art. 9 of Legislative Decree no. 38/2005. 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 called the International Financial Reporting Interpretations Committee ("IFRIC") and even before that the Standing Interpretations Committee (" SIC ").
The Group uses some alternative performance indicators, which are not identified as accounting measures under IFRS, to allow a better understanding of the Group's performance, the economic results achieved and the financial situation; for these reasons, a reclassified statement of the balance sheet and income statement is provided below.

OPERATING PERFORMANCE

Economic – profitability situation

Euros	31/12/2021		31/12/2020	
Revenue from sales and services	50,210,307		50,081,296	
Other income	4,308,441		1,186,923	
Total production value	**54,518,748**		**51,268,219**	
Production costs	-32,777,921		-31,153,890	
Other operating costs	-446,284		-404,307	
VALUE ADDED	**21,294,543**	39.06%	**19,710,022**	38.44%
Personnel costs	-12,896,291		-14,220,278	
EBITDA	**8,398,252**	15.40%	**5,489,744**	10.71%
Depreciation and write-downs	-3,474,977		-3,645,562	
PROFIT (LOSS) (EBIT)	**4,923,275**	9.03%	**1,844,182**	3.60%
Financial income and expenses	-1,168,233		-954,195	
PRE=TAX PROFIT	**3,755,042**		**889,987**	
Tax on operating income	72,595		-114,532	
PROFIT (LOSS) IN THE FINANCIAL YEAR	**3,827,637**		**775,455**	

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.

Ratio description	31/12/2021	31/12/2020
Revenue	53,277,765	47,709,956
Production value	54,518,748	51,268,218
Pre-tax profit	3,755,042	889,987

The operating production value, of € 54,518,748 shows the result achieved in terms of productivity.

The net profit was € 3,827,637, for a more appropriate reading of this result we refer to what has already been listed in the introduction, both from the production and managerial point of view.

The intermediate income margins are shown below, with reference to the calculation of the Normalized Ebit, determined by the operating result net of the ancillary area and by the result of the financial area (net of financial charges) and the Line-by-line Ebit , determined by the Normalized Ebit net of the result of the extraordinary area.

Ratio description	31/12/2021	31/12/2020
Gross operating margin (GOM)	8,398,252	5,489,744
Operating profit ratio (EBIT)	4.923.275	1.844.182

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.

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.

Ratio description	31/12/2021	31/12/2020
Net ROE - (Return on Equity)	18.26	3.17
ROI - (Return on Investment)	9.95	2.68
ROS - (Return on Sales)	9.81	3.68

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	31/12/2021	31/12/2020
Intangible assets	10,035,292	9,974,118
Tangible fixed assets	21,065,853	39,888,955
Real estate investments	0	2,136,829
Financial fixed assets	2,680,345	506,570
A) Total net fixed assets	33,781,490	52,506,472
Inventories	14,060,696	17,494,358
Receivables from customers	17,371,125	13,990,934
Receivables from others (including deferred tax assets)	2,422,928	3,395,373
Other operational activities	698,168	86,411
Trade payables	-13,057,508	-14,561,712
Other debts	-12,669,069	-10,753,626
Deferred tax liabilities	-1,743,595	-3,869,402
Risks and charges funds	-76,987	-183,581
B) Total working capital	7,005,758	5,598,755
C) INVESTED CAPITAL (A+B)	40,787,248	58,105,227
D) EMPLOYEE SEVERANCE INDEMNITY	-1,502,691	-1,488,536
E) NET CAPITAL REQUIREMENT (C+D)	39,284,557	56,616,691
covered by		
F) OWN CAPITAL	-20,964,443	-24,454,111
Share capital	-2,130,272	-2,130,272
Reserves	-13,628,053	-20,868,294
Profit carried forward	-1,378,481	-680,091
Operating result	-3,827,637	-775,454
G) NET FINNACIAL POSITION	-18,320,114	-32,162,580
Medium/long term financial debt	-22,348,659	-28,353,235
Short-term financial payables	-17,137,232	-14,526,733
Available cash	21,165,777	10,717,388
H) TOTAL AS IN "E" (F+G)	-39,284,557	-56,616,691

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

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

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

The net operating working capital indicates the capital invested by the company in its typical business, net of the liabilities relating to the company's core business.

From the result it is possible to obtain an opinion on the financial structure of the company. The lower the working capital, the lower the financial requirement and the cash absorption, and therefore a reduction in the NWC can represent a real internal source of financing, allowing a release of liquid resources to be allocated to other activities.

Uses	31/12/2021
Inventories	14,060,695
Trade receivables	17,371,124
Trade liabilities	- 13,057,508
Trade working capital	18,374,311
Other current assets and miscellaneous receivables	1,942,974
Other current liabilities and miscellaneous payables	- 12,669,069
Tax credit for the year	60,530
Tax payables for the year	-
Other net working capital items	- 10,665,565
Net trade working capital	- 7,708,746

Net financial liabilities

Net financial liabilities is given by the difference between liabilities of a financial nature (current and non-current financial liabilities) and assets (cash and other financial assets present in the assets); depending on the prevalence of assets or liabilities, the net financial liabilities will be respectively negative or positive.

NET FINANCIAL LIABILITIES	2021	2020
Non-current financial payables	22,348,659	28,353,235
Current financial payables	17,137,232	14,526,733
Cash	- 21,165,777	- 10,717,388
	18,320,114	32,162,580

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 of 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:

Ratio description	31/12/2021	31/12/2020

Primary structure margin	- 13,931,964	- 28,942,511
Primary structural quotient	0.60	0.46
Secondary structure margin	11,739,964	- 4,952,242
Secondary structure quotient	1.34	1.09

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:

Ratio description	31/12/2021	31/12/2020
Total debt ratio	3.27	3.02
Financial debt ratio	1.88	1.75

<u>Solvency (or liquidity) indicators</u>

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:

Ratio description	31/12/2021	31/12/2020
Availability margin	11,739,964	4,952,242
Availability ratio	1.27	1.12
Treasury margin	- 2,320,731	- 12,542,116
Treasury ratio	0.95	0.68

ECONOMIC SITUATION OF THE COSTAMPGROUP S.P.A. GROUP AT 31/12/2021

The comparative consolidated income statement is shown for a better understanding of the Group's economic results.

Description	31/12/2021 consolidated	31/12/2020 consolidated
Revenue from sales and services	50,210,307	50,081,296
Other income	4,308,441	1,186,923
Total operating revenue	**54,518,748**	**51,268,219**
Costs for goods and services	-32,777,921	-31,153,890
Cost of labour	-12,896,291	-14,220,278
Depreciation and write-downs	-3,474,977	-3,645,562

Other costs and charges	-446,284	-404,307
Total operating costs	**-49,595,473**	**-49,424,037**
Operating profit	**4,923,275**	**1,844,182**
Financial charges	-880,989	-852,852
Financial income	1,521	4,295
Extraordinary revenue and costs	-288765	-105,638
Adjustment of shareholdings using the PN method	0	0
Financial year taxes	72,595	-114,532
Profit/(loss) in the financial year	**3,827,637**	**775,455**

BALANCE SHEET, FINANCIAL AND ECONOMIC SITUATION OF THE COSTAMP GROUP SPA PARENT COMPANY AT 31/12/2020

PROFIT AND LOSS ACCOUNT

Euros	31/12/2021	31/12/2020
Revenue from sales and services	48,801,237	49,171,009
Other revenue	4,283,940	1,163,751
Total production value	53,085,177	50,334,760
Production costs	-32,211,083	-31,170,589
Other operating costs	-429,476	-390,439
VALUE ADDED	20,444,618	18,773,732
Personnel costs	-12,367,028	-13,719,826
EBITDA	8,077,590	5,053,906
Depreciation and write-downs	-3,107,417	-3,290,497
OPERATING PROFIT (EBIT)	4,970,173	1,763,409
Financial revenue	-1,150,340	-937,250
Financial assets write-downs	0	0
PRE-TAX PROFIT	3,819,833	826,159
Taxes on financial year income	47,006	-127,769
PROFIT (LOSS)	3,866,839	698,390

The revenue of the parent company was € 48.801.237 and the operating production value of € 53.085.177.

BALANCE SHEET

Euros	31/12/2021	31/12/2020
Intangible assets	9,344,637	9,313,062
Tangible fixed assets	20,103,563	38,634,643
Real estate investments	0	2,136,829
Financial fixed assets	4,008,533	1,834,758
A) Total net fixed assets	**33,456,733**	**51,919,292**
Inventories	13,927,523	17,435,120
Receivables from customers	16,683,633	13,992,382
Receivables from others (including deferred tax assets)	2,031,981	3,119,475
Other operational activities	695,495	83,740
Payables to suppliers	-13,122,442	-15,164,771
Other payables	-12,358,396	-10,445,648
Deferred tax liabilities	-1,743,595	-3,869,402
Funds for risks and charges and taxes	-76,984	-183,581

B) Total financial year capital	6,037,215	4,967,315
C) INVESTED CAPITAL (A+B)	39,493,948	56,886,607
D) Employee severance indemnity	-1,374,927	-1,385,902
E) NET CAPITAL REQUIREMENTS (C+D)	38,119,021	55,500,705
Covered by		
F) OWN CAPITAL	-20,384,364	-23,834,831
Share capital	-2,130,272	-2,130,272
Reserves	-14,387,253	-21,006,169
Profit brought forward	0	0
Financial year profit (loos)	-3,866,839	-698,390
G) NET FINANCIAL POSITION	-17,734,657	-31,665,874
Medium term financial liabilities	-21,787,809	-27,665,241
Short term financial liabilities	-16,944,369	-14,364,005
Cash	20,997,521	10,363,372
H) TOTAL AS IN "E" (F+G)	-38,119,021	-55,500,705

The shareholders' equity of the Parent Company at 31 December 2021 is € 20,384,364. The net financial position is € -17,734,657.

TOTAL FINANCIAL LIABILITIES

On 4 March 2021 the European Securities and Markets Authority (ESMA) published the Guidelines on disclosure requirements pursuant to EU Regulation 2017/1129 ("Prospectus Regulation").
With the "Recall to attention no. 5/21" of 29 April 2021, the CONSOB declared its intention to bring its supervisory practices in relation to the net financial position into line with the aforementioned ESMA guidelines. In particular, the CONSOB has declared that the prospectuses it approved, starting from 5 May 2021, must comply with the above-mentioned ESMA Guidelines.

Therefore, based on the new provisions, listed issuers must submit a new prospectus on debt to be drafted in accordance with the indications contained in sections 175 et seq. of the aforementioned ESMA Guidelines.

In this regard, the ESMA Guidelines provide for the following main changes to the labilities statement:

- "Net financial position" becomes "Total financial liabilities";
- in the context of non-current financial liabilities it is also necessary to include trade payables and other non-current payables, that is, unpaid payables, but which have a significant implicit or explicit financing component (for example, payables to suppliers with maturity over 12 months);
- in the context of current financial liabilities, the current portion of non-current financial liabilities must be indicated separately.
- "financial liabilities" includes remunerated liabilities (i.e. interest-bearing debt) which includes, among other things, financial liabilities relating to short and/or long-term leases. Information on leasing liabilities must be provided separately.

Total financial liabilities of the Parent Company

(Amounts in thousands of Euros)	31.12.2021	31.12.2020	Var
Cash	20,998	10,363	10,635
Financial instruments evaluated at Fair Value	0	0	0
Liquidity	20,998	10,363	10,635
Current financial liabilities (including liabilities instruments but excluding the current part of non-current financial liabilities)	-2,062	-506	-1,556

Current part of the non-current financial liabilities	-14,882	-13,858	-1,024
Current financial liabilities	-16,944	-14,364	-2,580
Current net financial liabilities	4,054	-4,001	8,055
Non-current financial liabilities (excluding current liabilities and liabilities instruments)	-21,788	-27,665	5,877
Liabilities instruments	0	0	0
Trade and other non-current liabilities	0	0	0
Non-current financial liabilities	-21,788	-27,665	5,877
Total financial liabilities	-17,734	-31,666	13,932

Total financial liabilities of the Group

(Amounts in thousands of Euros)	31.12.2021	31.12.2020	Var
Cash	21,166	10,717	10,449
Financial instruments evaluated al Fair Value	6	137	-131
Liquidity	21,172	10,854	10,318
Current financial liabilities (including debt instruments, but excluding non-current financial liabilities)	-2,062	-506	-1,556
Non-current financial liabilities	-15,075	-14,021	-1,054
Current financial liabilities	-17,137	-14,527	-2,610
Current net financial liabilities	4,035	-3,673	7,708
No-current financial liabilities (excluding current liabilities and liabilities instruments)	-22,349	-28,353	6,004
Liabilities instruments	-23	-107	84
Trade liabilities and other non-current liabilities	0	0	0
Non-current financial liabilities	-22,372	-28,460	6,088
Total financial liabilities	-18,337	-32,133	13,796

Net financial liabilities (availability) and cost of liabilities

Below is a summary of the main phenomena that had an impact on the negative net financial availability which at 31 December 2021 was equal to € 18.3 million (€ 32.1 million at 31 December 2020).

Transaction sale of 51% of Alunext Srl shares, sale value 4.5 million.
Transaction regarding the transfer of the company Foundry Business Unit, conferred financial debt equal to 0.7 million.
Real estate branch demerger, transfer of financial debt of € 9.1 million

Below is the composition of the total net financial liabilities (availability), defined by the ESMA Guidelines published on 4 March 2021 that CONSOB requested to be adopted starting from 5 May.

Cash	21,166
Financial derivative instrument assets	6
Financial payables to financial institutions (current)	-16,395
Rental leasing payables (current)	-742

Financial payables to financial institutions (non-current)	-20,770
Rental leasing payables (non-current)	-1,579
Financial derivative instrument liabilities	-23

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 global markets, in many cases niche markets, and therefore of limited size, and with few relevant competitors; these characteristics constitute an important barrier to the entry of new competitors, due to the significant investments (also in highly qualified human resources) related to economic returns that are not adequate for start-ups.
The Group's exposure to financial risks did not undergo significant changes in the first half of 2021.
Below 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 Brexit and, lastly, the lack of microchips with a consequent semi-conductor crisis.
These factors have contributed to a general slowdown in the whole economy. In this scenario, the automotive sector has seen an absolutely anomalous market situation, in which the microchip crisis and the increase in energy and raw material prices converge, which contrasts with the national growth in GDP.
The priority for operators in the industry is to reverse the trend and implement measures that favour ecological transition through renewal and that ensure the necessary support for businesses, limiting the impact on employment and work.
In recent years, the Group has increased its ability to penetrate the world market, 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 have a negative impact on the business and on its growth prospects.
Considering what we stated in the introduction, the management is absolutely confident, considering the current data in its possession, that the company can face any problems foreseeable to date.

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

In 2021 the Group achieved 55% 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 55% 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 26% of the Group's turnover (more or less equally distributed);

c) the third, including other minor customers who made up a total of 19% 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.

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

Risks associated with exchange rate trends

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 2021 approximately 40.00% of its turnover was in Italy.
The remaining 60.00% of turnover derived from commercial transactions concluded in the rest of Europe (34.00%), in Central and North America (i.e. in Mexico and the USA, 22.00%) and in Asia (i.e. India and China for the remaining 3.00%).
In 2021 the total amount of trade flows directly exposed to an exchange rate risk was equivalent to approximately 3.5% of the Group's turnover.

For this reason, the Group did not use specific exchange rate hedging instruments in 2021.

Risks associated with the debt structure and the change in interest rates

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 2021 the Group has a financial debt of approximately 18.320 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 risk of fluctuations in interest rates is also linked to the loans, being for the most part based on a variable rate.

Liquidity risks

The 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 30 December 2021 amounted to 21.166 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.

BUSINESS OUTLOOK

Following the merger process, the Group is continuously improving, seeking to perfect 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 new technologies, implementation of cost accounting systems, implementation of production

organisation, improvement of the commercial strategy, for a more widespread and incisive coverage on the international market.
We have broadly motivated the coronavirus phenomenon and we also say that as regards the growth programmes for external lines, we will also try to consolidate relations with existing 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	31/12/2021	31/12/2020
Senior executives	1	1
Cadres (junior executives)	12	14
White collar workers	75	87
Lue collar workers	121	148
Apprentices	5	12
Modelleria Ara staff	12	12
total	226	274

Research and development

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

PROJECT 1 – Study and experimental development activities for 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 evolution of innovative technological solutions in relation to functionalities deriving from PUZZLE DIE construction methodologies.

PROJECT 3 – Study and development activity aimed at the characterisation and experimentation of new technological solutions within the LPF process.

PROJECT 4 – Application and experimental study activity aimed at characterizing and improving the qualitative repeatability of low pressure moulding processes.

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.

Training 4.0

During 2021, the company carried out training 4.0 activities, in particular, with the following courses:

Course 1: training course on the new MES and interface on machine tools

Course 2: Qlik View software training course

Course 3: Panthera ERP software training course

Course 4: training course on security management of company systems

Course 5: course on die casting simulation software for mould production

The courses were held at the headquarters in Sirone (LC) Via Giuseppe Verdi 6 post code 23844

For the courses indicated above, the company incurred costs for a total value of € 56,144.84, fully eligible for the 4.0 Training tax credit pursuant to Article 1, section 46-56 of Law no. 205 (2018 balance sheet law), as amended.

The company therefore intends to benefit from the tax credit due according to the indications and regulatory regulations referred to above, since these expenses have been correctly recorded and reported for the fiscal year 2021. The tax credit obtained is equal to € 16,843.45.

The training activities will continue during 2022 and after.

Finally, we are confident that the positive outcome of these innovations will generate good results in terms of turnover with favourable effects on the company's economy.

Relations with subsidiaries, associates, parent companies

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

RELATED ENTITY RELATIONS YEAR 2021	Trade Receivables	Financial Receivables	Other Receivables	Trade Payables	Financial Payables	Other Payables
Pa.ma Srl	-	-	-	243,486	-	-
PiQ2 Srl	-	80,000	-	-	-	-
Costamp Srl	29,466	-	411,755	-	-	-
Alunext Srl	130,556	200,000	-	742,835	-	-
total	160,022	280,000	411,755	986,321	-	-

Volume of costs and revenues relating to the exchange of goods and services with Parent companies, associates and subsidiaries

VOLUMES	Costs	Revenue
Subsidiaries	892,696	141,608
Affiliates	4,350,726	1,360,862
total	5,243,422	1,502,470

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 2021 the parent company holds 54.753 of its own 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 FINANCIAL YEAR

In addition to what was stated in the premises and in the "Significant events in the year 2021" section, note that:

- on 22 February 2022, an agreement was finalised with Cassa Depositi e Prestiti S.p.A., assets for the "Assets Relaunch" - National Fund Temporary Support Fund "("Assigned Assets")", an agreement concerning the signing of a convertible bond loan for 5,000,000 Euros with a duration of six years from the date of issue.
- on 18 January 2022 the company PLASTINEXT S.r.l. was established, based on the collaboration with Ennegi@ S.r.l. Costamp Group S.p.A. subscribed to 51% of the share capital of € 10,200. The activity concerns the construction of

moulds for plastics, models for foundries, shells and machinery in general, in addition to the design of mechanical equipment and machinery.

Financial year profit

Based on the above, it is proposed to allocate the profit for the year amounting to € 3,827,637 as follows:

- € 3.827.637 profit brought forward.

On the basis of the information that has been provided, we invite you to approve the financial statements as of 31/12/2021 and the proposed distribution of the profit indicated above.

Sirone, 29 March 2022

FOR THE BOARD OF DIRECTORS

The Chairman CORTI MARCO

The undersigned Dr. Fabio Ripamonti, pursuant to art. 31 section 2-quinquies of Law 340/2000, declares that this document conforms to the original filed with the company.

RIPAMONTI FABIO

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

CO.STAMP 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

BALANCE SHEET AT 31/12/2021

FINANCIAL POSITION STATEMENT

	Notes	31/12/2021	31/12/2020
Assets			
Non-current assets			
Real estate, plant and machinery	4.1	20.103.563	38.634.643
Intangible fixed assets	4.2	9.344.637	9.313.062
Real estate investments	4.3	0	2.136.829
Shareholdings	4.4	4.008.533	1.834.758
Long-term financial assets	4.5	691.755	80.000
Tax assets paid in advance	4.6	325.337	714.653
Other non-current assets		3.740	3.740
Total non-current assets		**34.477.565**	**52.717.684**
Current assets			
Inventories	4.7	13.927.523	17.435.120
Trade receivables	4.8	16.683.633	13.992.382
Receivables for income taxes	4.9	29.972	24.047
Other receivables and current assets	4.10	1.676.671	2.380.774
Short-term financial assets		0	0
Cash availability	4.11	20.997.521	10.363.372
Total current assets		**53.315.321**	**44.195.696**
Non-current assets held for sale	**4.12**	**0**	**0**
Total assets		**87.792.886**	**96.913.380**
Net equity and liabilities			
Net worth			
Share capital	5.1	2.130.272	2.130.272
Other reservess	5.3	14.387.253	21.006.169
Financial year profit		3.866.839	698.390
Net worth		**20.384.365**	**23.834.831**
Liabilities			
Non-current liabilities			
Employee benefits	6.1	1.374.927	1.385.902
Risks and charges fund	6.2	76.984	183.581
Long term financial liabilities	6.3	21.787.809	27.665.241
Deferred tax liabilities	4.6	1.743.595	3.869.402
Total non-current liabilities		**24.983.315**	**33.104.125**
Current liabilities			
Trade payables	6.4	13.122.442	15.164.771
Income tax payables	6.5	0	0
Other current payables and liabilities	6.6	12.358.396	10.445.648
Short-term financial liabilities	6,3	16.944.369	14.364.005
Total current liabilities		**42.425.207**	**39.974.423**
Total net worth and liabilities		**87.792.886**	**96.913.380**

BALANCE SHEET AT 31/12/2021

PROFIT AND LOSS ACCOUNT

	Note	31/12/2021	31/12/2020
Revenues from sales and services	7.1	48.801.237	49.171.009
Other revenue	7.2	4.283.940	1.163.751
Total operating revenue		**53.085.177**	**50.334.760**
Costs for goods and services	7.3	-32.211.083	-31.170.589

Cost of labour	7.4	-12.367.028	-13.719.826
Depreciation and write-downs	7.5	-3.049.104	-3.226.228
Net reinstatement/write-down of receivables		-58.313	-64.269
Other costs and charges	7.6	-429.476	-390.439
Total operating costs		**-48.115.004**	**-48.571.352**
Operating profit		**4.970.173**	**1.763.408**
Financial charges	7.7	-861.810	-831.899
Financial income	7.7	235	288
Extraordinary income and costs	7.7	-288.765	-105.638
Reinstatements/write-downs net of shareholdings	7.7	0	0
Taxes for the financial year	7.8	47.006	-127.769
Profit (loss) for the financial year		**3.866.839**	**698.390**

OVERALL CONSOLIDATED PROFIT AND LOSS ACCOUNT		
	31/12/2021	31/12/2020
Profit (loss) for the financial year	3.866.839	698.390
Items not to be reclassified in the Profit/Loss statement for the financial year		
Actuarial profit/(loss) from end of service severenace pay	28.107	59.372
Profit (losses) derived financial instruments	-47.680	24.551
Taxes on items brought directly to, or transferred from the net worth	4.697	-20.141
Total other components of comprehensive income	**3.851.963**	**762.172**
TOTAL COMPREHENSIVE INCOME STATEMENT FOR THE FINANCIAL YEAR	**3.851.963**	**762.172**

STATEMENT OF CHANGES IN CONSOLIDATED NET WORTH

Total Net Worth	**capitale sociale**	**altre riserve**	**risultati a nuovo**	**totale**
Balance at 31 December 2020	2.130.272	21.006.169	698.390	23.834.831
Assignment of profit/(losses) from the previous financial year		698.390	-698.390	0
Assgment of PN Extraordinary Transactions		-7.302.429	0	-7.302.429
Total profit and loss account		0	3.866.839	3.866.839
Dividends		0	0	0
Changes based on fair value derived financial instruments		-36.237	0	-36.237
* change in IAS 19 reserve		21.361	0	21.361
Balance at 31/12/2021	**2.130.272**	**14.387.254**	**3.866.839**	**20.384.365**

* lthe item includes the actuaril profit or loss of the employee severance indemnity and derived financial instruments

RENDICONTO FINANZIARIO	**31/12/2021**	**31/12/2020**
Pre-tax profit	**3.820**	**826**
Adjustments for:		
Depreciation of:		
- intangible asets	562	549
- tangible assets	2.487	2.677
Devaluations/(Recoveries)		
Allocation to risks and charges funds	739	64
Financial (Income)/charges	862	832
(Gains)/Losses and other non-monetary items	42	-15
Cash flow from operating activities before changes in net working capital		
Increase/(Decrease) benefits for employees	-140	47
(Increase)/Decrease in inventories	2.571	-3.010
(Increase)/Decrease in trade receivables	-2.691	-182
(Increase)/Decrease in other assets/liabilities and assets/liabilities for prepaid/deferred taxes	1.561	1.574
Increase/(Decrease) in trade payables	-1.707	-1.685
Dividends collected		
Interest income and other financial revenue received		9
Interest payable and other financial charges paid	-862	-840

Use of provisions for risks and charges and bad debt provision	-393	
Taxes paid	-181	-148
Cash flows from operating activities (a)	**6.670**	**698**
Net investments in intangible assets	-707	-782
Net investments in tangible assets	-4.028	-3.172
Contributions		
Net investments in shares	2.242	-10
(Increase)/Decrease in other investment activities		-3
Cash flows from investing/disinvesting activities (b)	**-2.493**	**-3.967**
Financial payables (new long-term loans)	11.000	13.975
Financial payables (reimbursements and other net changes)	-4.542	-6.556
Payments on capital accounts and contributions		
Dividends paid		
Cash flow from financing activities (c)	**6.458**	**7.419**
Effect of changes in exchange rates on cash and cash equivalents (d)		
Increase/(decrease) in cash and cash equivalents (a + b + c + d)	10.635	4.150
Cash and cash equivalents at the beginning of the financial year	**10.363**	**6.213**
Cash and cash equivalents at the end of the financial year	**20.998**	**10.363**

For the Board of Directors

The Chairman CORTI MARCO

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 FINANCIAL STATEMENTS

CLOSED AT 31/12/2021

ILLUSTRATIVE NOTES TO THE BALANCE SHEET

1. 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.

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.

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 "transferred" 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.

On 19 June 2021, through the proportional partial spin-off operation, as a result of the spin-off, the accounting net equity of Costamp Group was reduced by 7,313,069 Euros, entirely from the reserves, without any reduction in share capital.

2. General criteria for the drafting of the balance sheet

2.1 Basis for presentation

The financial statements of Costamp Group SpA have been prepared in compliance with the International Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") in force as of December 31, 2021 and approved by the European Union, as well as the provisions issued in implementation of art. 9 of Legislative Decree no. 38/2005.

EU IFRS means all the "International Financial Reporting Standards", all the "International Accounting Standards" (IAS), all the interpretations of the "International Reporting Interpretations Committee (IFRIC)", previously called the "Standing Interpretations Committee (SIC)" , approved and adopted by the European Union. Note that the EU IFRS have been applied consistently to all the periods submitted in this document. This document has been drafted the basis of the best knowledge of the EU IFRS and taking into account the best doctrine on the subject; any future guidelines and interpretative updates will be reflected in subsequent years, in accordance with the procedures established on a case-by-case basis by the reference accounting standards.

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

As regards the methods of presentation, note that:

- current and non-current assets and liabilities are shown separately in the financial position statement. Current assets that include cash and cash equivalents are those intended to be realised, sold or consumed in the normal operating cycle of the company. 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 twelve months, including the current part of non-current loans. Non-current liabilities include payables due beyond twelve months, including financial payables, funds relating to personnel and deferred taxes;
- the income statement presents a classification of costs by nature;
- the cash flow statement separately shows the cash flows deriving from operating, investment and financing activities. The indirect method was used for its drafting.

The financial statements were drafted on the basis of the general principle of historical cost, except for the items in the financial statements which, in accordance with IFRS, are valued on the basis of fair value as indicated below in the valuation criteria.

The equity and financial situation and the profit and loss account, the cash flow statement and the statement of changes in the shareholders' equity accounts are presented in Euros (with the exception of the cash flow statement expressed in thousands of Euros) and the amounts have been shown in thousands of Euros except when otherwise indicated.

The financial statements were prepared in the perspective of business continuity and on the basis of the conventional criterion of the historical cost, with the exception of some accounting items which are recorded at fair value, in accordance with the provisions contained in the International Accounting Standards. The financial statements were prepared on the assumption of business continuity. In particular, as fully described in the Annual Report in the "Introduction", taking into account a shareholders' equity of € 20,384,365, given the cash and cash equivalents of € 20,997,521 and the unused credit lines available to date, the results achieved in 2021 and those envisaged by the company plans in place which envisage a development of profitability, of the current order portfolio as well as of the safeguards mentioned in the Report on operations which can be activated if necessary, the Directors considered it appropriate to use the assumption of business continuity to draft the Company's financial statements.

These financial statements were subject to approval by the Board of Directors of the Company on 29 March 2022, and they are subject to an audit by the external auditing firm Crowe Bompani SpA, the Company's statutory auditor.

2.2 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.

2. Accounting standards and drafting criteria

2a) 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 2020.

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

2b) Accounting standards, amendments and interpretations implemented by the EU and in force at 31 December 2021

Document title	Date the IASB document was published	Date of coming into force	Number and date of EU approval regulation	Date of publication in the official gazette
Reform of the benchmarks for determining interest rates - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	August 2020	1 January 2021	(UE) 2021/25 13 January 2021	14 January 2021
Concessions on fees related to COVID-19 (Amendment to IFRS 16)	May 2020	1 June 2020	(UE) 2020/1434 9 October 2020	12 October 2020
Concessions on fees related to COVID-19 subsequent to 30 June 2021 (Amendment to IFRS 16)	March 2021	1 April 2021	(UE) 2021/1421 30 August 2021	31 August 2021
Extension of the temporary extension from the application of IFRS 9 (Amendments to IFRS 4)	June 2020	1 January 2021	(UE) 2020/2097 15 December 2020	16 December 2020

Reform of the reference indices of interest rates - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

On 1 January 2020, the amendments to IFRS 9, IAS 39 and IFRS 7 came into force, which had been published by the IASB to promptly respond to the potential effects on the financial statements related to the uncertainties deriving from the ongoing reform of interbank rates (so-called IBOR Reform). On 1 January 2021, the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 came into force which refer to Phase 2 of the IASB project on the IBOR Reform which focused on the potential accounting implications deriving from the replacement of the interest rate benchmark with a new alternative benchmark.

Concessions on fees related to COVID-19 (Amendment to IFRS 16)
In March 2021, the IASB issued the document "Concessions on fees related to COVID-19 after 30 June 2021 (Amendment to IFRS 16)" with which extended by one year the period of application of the practical expedient introduced in May 2020 with the document "Concessions on fees related to COVID-19 (Amendment to IFRS 16)". The 2021 amendment applies to annual financial years starting on or after 1 April 2021 and early application is allowed.

The adoption of these changes had no impact on the 2021 balance sheet.

2c) New Accounting Standards and Interpretations approved by the EU but not yet in force

In 2021, 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"):

Document title	Date the IASB document was published	Date of coming into force	Number and date of EU approval regulation	Date of publication in the official gazette
IFRS 17 Insurance Contracts and the subsequent amendment	May 2017 and June 2020	1 January 2023	(UE) 2021/2036 19 November 2021	23 November 2021
Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, contingent liabilities and contingent assets; annual cycle of improvements to IFRS 2018-20	May 2020	1 January 2022	(EU) 2021/1080 28 June 2021	2 July 2021

The company does not expect any impact resulting from the future application of the new provisions

2d) New accounting standards, amendments and interpretations issued by the IASB and not yet implemented by the EU

Below are the main documents published by the International Accounting Standard Board (IASB), which are not yet applicable since they have not yet been approved by the European Union.

Document title	**Date issued by the IASB**	**Date the IASB document came into force**	**Forecast approval date by the EU**
Classification of liabilities as current or non-current (amendment to IAS 1), including the subsequent amendment issued in July 2020	January 2020 July 2020	1 January 2023	TDB
Disclosure on accounting principles (Amendment to IAS 1 and IFRS Practice Statement 2)	February 2021	1 January 2023	TDB
Definition of Accounting Estimates (Amendment to IAS 8)	February 2021	1 January 2023	TDB
Deferred taxes relating to assets and liabilities deriving from a single transaction (Amendments to IAS 12)	May 2021	1 January 2023	TDB

The Company is still evaluating the impact of these changes, to the extent that they are applicable.

The main evaluation criteria used is described below.

Real estate, plants 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:

Buildings	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 of 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

Investments in subsidiaries, joint ventures and associates are recorded at cost adjusted in the presence of impairment. These impairment losses are quantified on the basis of the recoverable value calculated with reference to the cash flows that the investee company will be able to produce prospectively. The positive difference, emerging at the time of purchase, between the cost of acquisition and the share of net equity at current values of the investee pertaining to the company is, therefore, included in the book value of investments. Any write-downs of this positive difference are not reinstated in subsequent periods even if the conditions that led to the write-down no longer exist.

If any quota pertaining to the company of the investee's losses exceeds the book value of the investment, the value of the investment is reset and the share of further losses is recorded as a provision in the liabilities if the company has the obligation to answer for it.

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 security 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 Company 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 Company 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 Company 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 Company 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 Company 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 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 reductions 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 brought 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 consider the time that will elapse before actual payment.

The calculation considers 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.

- *Recognition of revenue*

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.

costs are recorded when the risks and benefits are transferred or when a service is provided.

- *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 revenue 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 recorded in the accounts 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.

2.3 Risk management

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

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 company'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 Company 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 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 2021: 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 2021	Expiry			
		Within 1 year	Between 1 and 5 years	Beyond 5 years	Within 1 year
Trade liabilities	13,122	13,123	-	-	-
Other liabilities ((current and non-current)	12,358	12,358	-	-	-
Financial liabilities (current and non-current)	38,732	16,944	21,227	560	-
Total	**64,212**	**42,425**	**21,227**	**560**	

b) Market risks

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

The company 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 company'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 company is exposed mainly originates from current financial payables.

It should be noted that the company 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 company 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.

3. Extraordinary transactions

Alunxt Srl

On 18 December 2020, the company Alunext Srl was established, through the contribution by Costamp Group Spa of its own Foundry Business Unit branch which includes multiple HPDC and LPDC technologies as well as the new Low Pressure Forging (LPF) technology.

On 29 January 2021, the industrial alliance dedicated to the production of aluminium alloy castings through Low Pressure Forging (LPF) technology was finalised with the company Streparava S.p.A., an international player in the supply of components and systems for powertrains and chassis, through the acquisition of Streparava S.p.A. by Costamp Group S.p.A. of 51% of Alunext S.r.l.

This transaction will allow Costamp and Streparava to operate jointly through Alunext and in synergy in the aluminium casting foundry sector, pooling Costamp's assets and technological capabilities with Streparava's technical, industrial and commercial know-how in automotive sector.

Below are tables which show the assets and liabilities subject to the transfer transaction:

TRANSFER	Assets	Liabilities
Industrial buildings	50,440	
Plant and machinery	4,249,388	
Equipment	101,812	
Mobile office machines	16,564	
Electronic machines	10,551	
Trucks	43,519	
Cars	17,593	
Light constructions	240,301	
Cranes and bridges	76,884	
Multi-year costs	2,064	
Improvements of rented goods	118,209	
Inventories	937,080	
Other receivables and current assets	6,806	
Pre-paid tax fund	224	
Financial payables		681,400
Payable due to employees		173,246
Other current payables		11,527
Benefits to employees		21,739
Deferred taxes fund		568,753

Costamp Real Estate S.p.A.

On 19 June 2021 through the proportional partial demerger of the company Costamp Group S.p.A. the company Costamp Real Estate S.p.A. was established, in order to divide 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 related liabilities, in favour of a newly established company.

As a result of the Demerger, the Costamp Group's net book equity was reduced by the amount of 7,313,069 Euros, entirely from the reserves, without any reduction in the share capital.

The transferred assets, to which the fixed plants, industrial buildings and prepaid taxes refer, are equal to 17,609,206 Euros net of accumulated depreciation, while the transferred liabilities, which they refer to the financial payables related to the real estate complex and to the deferred taxes amounted to € 10,296,137 million.

The tables below show the assets and liabilities subject to the spin-off operation:

DEMERGER	Assets	Liabilities
Industrial buildings	16,805,813	
Fixed plants	546,116	
Pre-paid taxes fund	257,277	
Financial payables		9,073,893
Deferred taxes fund		1,222,244
Net assets reserves		7,313,069

04. NOTES ON BALANCE SHEET ASSETS

4.1 Real estate, plants and machinery

At 31 December 2021 the following are the details of changes to the real estate, plant and machinery item:

TANGIBLE FIXED ASSETS		value 31/12/2020	increases	reductions	Provision	Spin-off	value 31/12/2021
Industrial buildings	cost	18,401,066	2,314,796	0	-344,183	-16,639,089	3,732,590
	depr fund	-2,432,118	-747,100	0	53,441	1,970,106	-1,155,671
	net value	15,968,947	1,567,696	0	-290,741	-14,668,983	2,576,919
Plant and machinery	cost	29,687,665	1,161,359	-389,000	-6,095,452	-1,211,350	23,153,222
	depr fund	-9,348,439	-1,252,495	127,056	1,763,987	665,234	-8,044,657
	net value	20,339,226	-91,137	-261,944	-4,331,465	-546,116	15,108,565
Industrial equipment	cost	2,086,370	89,067	-3,000	-356,346	0	1,816,092
	depr fund	-1,582,527	-115,005	2,704	254,534	0	-1,440,294
	net value	503,843	-25,938	-296	-101,812	0	375,798
Other goods:							
Mobile office machines	cost	642,751	51,530	0	-30,094	0	664,187
	depr fund	-384,441	-48,130	0	13,530	0	-419,041
	net value	258,310	3,400	0	-16,564	0	245,146
Electronic office machines	cost	1,636,883	109,571	-49,873	-20,547	0	1,676,035
	depr fund	-1,223,583	-96,914	49,873	9,996	0	-1,260,629
	net value	413,300	12,657	0	-10,551	0	415,406
trucks	cost	470,034	7,040	-23,985	-116,415	0	336,674
	depr fund	-318,088	-29,704	23,984	72,896	0	-250,913
	net value	151,946	-22,664	-1	-43,519	0	85,761
cars	cost	969,535	165,266	-187,820	-37,968	0	909,013
	depr fund	-594,273	-192,540	159,978	20,375	0	-606,460
	net value	375,261	-27,274	-27,842	-17,593	0	302,553
Cell phones	cost	35,248	1,779	0	0	0	37,028
	depr fund	-27,360	-5,614	0	0	0	-32,974
	net value	7,888	-3,834	0	0	0	4,054
Full deduction goods	cost	58,867	0	0	0	0	58,867
	depr fund	-58,867	0	0	0	0	-58,867
	net value	0	0	0	0	0	0
Current fixed assets	cost	615,921	1,188,815	-815,375	0	0	989,361
	depr fund	0	0	0	0	0	0

	net value	615,921	1,188,815	-815,375	0	0	989,361
total	cost	54,604,340	5,089,223	-1,469,053	-7,001,004	-17,850,439	33,373,068
	depr fund	-15,969,697	-2,487,501	363,595	2,188,758	2,635,340	-13,269,506
	net value	38,634,643	2,601,722	-1,105,458	-4,812,246	-15,215,099	20,103,563

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.

Note that the transferred values are indicated in the "contribution" and "spin-off" columns, as better indicated and explained in the "extraordinary transactions" paragraph on page 18 of these Notes and in the Annual Report.

There are no purchase commitments or liens on technical fixed assets.

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
CREDEM	SI195582	MAS MCV 1270	165,000
SARDALEASING	S3/166064	CARROPONTE	200,000
SG LEASING	SS372725	MIKRON	670,000
UNICREDIT	LS1674035	INGERSOLL GANTRY	415,000
SARDALEASING	S2/166758	MIKROFORATRICE CR800	79,000
CREDEM	SI195585	MAZAK	222,000
CREDEMLEASING	AA 198672	BMW X1	32,496
UNICREDIT	AS/1694908	PORSCHE MACAN	66,159
UNICREDIT	LS1681632	CARROPONTE	150,000
UNICREDIT	LS1683058	RETTIFICHE	115,000
CREDEM	LS201236	ALESATRICE CASTEL	120,000
VOLKSWAGEN F,	10184167	AUDI Q5	50,391
CREDEM	SI 208247	CANNON	630,000
ALBA LEASING	1174422	PORSCHE 718	87,974
ALBA LEASING	1156147/1	MAZAK	213,000
ALBA LEASING	1165003	MOLDMAK INDEX 2000	880,000

With regard to the item "Fixed assets in progress", these are advances paid to suppliers for machinery that will be delivered during 2022, detailed in the table below:

	Value of the item
GOM	23,000

Forklift	7,800
LPF Press	769,601
Sweeper	6,590
Electrical cabin	182,370

As required by IAS 36, the company annually checks for the existence of loss of value indicators and, where such indicators are identified, the company 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 company has not identified indicators of loss of value. See also what is reported in section 2 Intangible fixed assets.

4.2 Intangible fixed assets

At 31 December 2021 the following are the details of changes to the “Intangible fixed assets”:

INTANGIBLE FIXED ASSETS		value 31/12/2020	increases	reductions	Provision	Spin-off	value 30/06/2021
Research and development costs	cost	1,488,236	467,837	0	0	0	1,956,073
	depr fund	-36,513	-3,956	0	0	0	-40,469
	net value	1,451,723	463,881	0	0	0	1,915,604
Trademark licensing	cost	1,737,608	49,891	-743	-14,321	0	1,772,435
	depr fund	-1,356,488	-182,027	0	14,321	0	-1,524,194
	net value	381,120	-132,136	-743	0	0	248,241
Start up	cost	4,935,518	0	0	0	0	4,935,518
	depr fund	-209,546	0	0	0	0	-209,546
	net value	4,725,972	0	0	0	0	4,725,972
Other intangible property	cost	3,741,136	19,100	0	-2,065	0	3,758,171
	depr fund	-1,112,506	-372,087	0	1	0	-1,484,592
	net value	2,628,630	-352,987	0	-2,064	0	2,273,579
Leased assets improvements	cost	185,210	60,703	0	-185,210	0	60,703
	depr fund	-72,194	-2,790	0	72,194	0	-2,789
	net value	113,016	57,913	0	-113,016	0	57,913
Current fixed assets	cost	12,600	123,327	-12,600	0	0	123,327
	depr fund	0	0	0	0	0	0
	net value	12,600	123,327	-12,600	0	0	123,327
total	cost	12,100,308	720,858	-13,343	-201,596	0	12,606,227
	depr fund	-2,787,247	-560,859	0	86,515	0	-3,261,590
	net value	9,313,061	159,999	-13,343	-115,081	0	9,344,637

Note that the transferred values are indicated in the "contribution" and "spin-off" columns, as better indicated and explained in the "extraordinary transactions" paragraph on page 17 of these Notes and in the Annual Report.

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. The value in use was determined by discounting the forecast data contained in the 2022-2026 business plan ("DCF Method") relating to the four-year period 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 on the basis of the perpetuity criterion of the normalized cash flow of each group of CGU, with reference to the last period of the forecast data considered, assuming a growth rate of 1% and a rate of discounting (WACC) of 8.18%, which is the weighted average between the cost of equity and the cost of liabilities, after tax. The long-term growth rate has been 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 other fixed assets item refers to the price allocation process on the occasion of acquisitions made in previous years and recorded in the accounts in accordance with the reference accounting standard, the International Financial Reporting Standard 3 (IFRS 3), which establishes the recognition and measurement criteria, presentation in the financial statements and related information for business mergers.

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
MES Project	123,327

4.3 Real estate investments

The following are the details of changes to real estate investments at 31 December 2021 and 31 December 2020:

REAL ESTATE INVESTMENTS		value 31/12/2020	increases	reductions	Provision	Spin-off	value 31/12/2021
Real estate investments	cost	2,564,344	0	0	0	-2,564,344	0
	depr fund	-427,514	0	0	0	427,514	0
	net value	2,136,829	0	0	0	-2,136,830	0

The real estate investment relating to the property located in Cornate d'Adda (MB) Via Primo Stucchi, note that the transferred values are indicated in the "transfer" and "spin-off" columns, as better indicated and explained in the paragraph "extraordinary transactions" on page 17 of these Notes and in the Annual Report.

4.4 Shares in affiliated companies

At 31 December 2021 and 31 December 2020 the following are the details of changes to shares in subsidiaries and affiliated companies;

SHARES 31/12/2021	value 01/01/2021	increases	reductions	financial capitalisations	value 31/12/2021
Shares in subsidiaries					
PiQ2 Srl	91,890	0	0	0	91,890
Modelleria Ara Srl	1,328,188	0	0	0	1,328,188
Shares in affiliated companies					
Pama Srl	404,680	0	0	0	404,680
JV brambilla India	0	0	0	0	0
Alunext Srl	10,000	4,414,770	-2,251,633	0	2,173,137
Costamp Real Estate S.p.a.	0	10,638	0	0	10,638
total	1,834,758	4,425,408	-2,251,633	0	4,008,533
Other shares					
Other shares	3,740	0	0	0	3,740
total	3,740	0	0	0	3,740

SHARES 31/12/2020	value 01/01/2020	increases	reductions	capitalisations	value 31/12/2020
Shares in subsidiaries					
PiQ2 Srl	91,890	0	0	0	91,890
Modelleria Ara Srl	1,328,188	0	0	0	1,328,188
Shares in affiliated companies					

Pama Srl	404,680	0	0	0	404,680
Brambilla India	0	0	0	0	0
Alunext Srl	0	10,000	0	0	10,000
total	1,824,758	10,000	0	0	1,834,758
Other shares					
Other shares	1,240	2,500	0	0	3,740
total	1,240	2,500	0	0	3,740

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

PiQ2 Srl equity investment of 72,6% of the share capital. Value of the share capital € 91.890;
Modelleria Ara Srl 100% del share capital. Value of the shareholding € 1.328.188;
Pama Srl equity investment of 49% of the share capital. Value of the share capital € 404.680;
JV Brambilla India al 50% of the share capital. Value of the share capital € 0;

Alunext Srl equity investment of 49% of the share capital. Value of the share capital € 2.173.137;

Real Estate shares equal to 0.13% of the share capital. Value of the share capital € 10.638;

Modelleria Ara srl

The company carries out the construction of models and moulds for foundries

and is a 100% subsidiary.

Pama srl

The company carries out a light carpentry activity and is affiliated since the stake held is 49%.

JV Brambilla India

In 2015, a 50% JV was established with Continental Engines, a primary Indian foundry that is part of the Baxy Group, based in Bhiwadi (Delhi area), adjacent to the foundry.
Following a strategic change at Group level, the partnership with the Indian company is being reviewed. Consequently, and as a precautionary measure, the book value of the investment of € 9,769.79 was fully written down in previous periods.

PiQ2 srl

The Company carries out a software production activity that is different from that of the other Group companies.

Alunext Srl

In 2020, the company Alunext Srl was established, and as better described in the paragraph "extraordinary transactions" section on page 17 of these Notes and in the Annual Report. 51% of the equity investment was sold on 29 January 2021.

Costamp Real Estate Spa

During 2021, the company Costamp Real Estate Spa was established, as better described in the "extraordinary transactions" paragraph on page 17 of these Notes and in the Annual Report, through the proportional partial demerger operation on 16 June 2021.

	Pama *	PiQ	Mod.Ara	Alunext
Company name	srl	srl	srl	srl
Location	Italy	Italy	Italy	Italy
Currency	Euros	Euros	Euros	Euros
Net assets	1,015,460	33,962	1,184,580	2,703,873
Percentage held	49%	72.60%	100.00%	49.00%
Own net assets	497,575	20,108	1,184,580	1,324,898
Financial year profit	161,306	20,611	28,316	-790,427

*Rectified to update to IFRS principles

The book values of the equity investments were subjected to impairment tests aimed at assessing the possible existence of losses in value compared to the recoverable value.

As required by IAS 36, the Company annually checks the existence of impairment indicators, in particular for those investments whose book value is higher than the book value of the investee's net assets (impairment test); this test was carried out by comparing the book value of the equity investments with their recoverable value.

The recoverable value is calculated as the greater between the value in use and the fair value net of any transfer costs. The impairment analysis did not lead to further write-downs in the financial statements.

In detail, the following are the other shareholdings:

Conai partecipazione for € 5

Consorzio Energia Lecco for € 520

Consorzio Confidi for € 715

AssoAim for € 2.500

4.5 Financial assets

At 31 December 2021 and 31 December 2020, the financial assets are detailed as follows;

FINANCIAL ASSETS 31/12/2021	current assets	Non-current assets	total
Non-interest bearing loans	0	691,755	691,755
total	0	691,755	691,755

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

Non-interest bearing loans refer to a disbursement in favour of the unconsolidated subsidiary PiQ2 and the subsidiary Co.Stamp Srl; as provided for contractually, PiQ2 will reimburse them following the reimbursement of third-party loans;

4.6 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. The deferred tax assets were recorded since the directors, also on the basis of the company plans, have the reasonable certainty of their recoverability over a reasonable time frame.

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 of 3.9%.

At 31 December 2021 the deferred tax assets and liabilities are detailed as follows:

Pre-paid taxes assets	2021	Ires 24%	Irap 3.90%
Extraordinary transaction costs	76,026	18,247	2,965
Employee severance indemnity	75,415	18,100	0
Rentals	51,940	12,466	2,026
Quota etc. Rol	20,513	4,923	0
Losses on receivables	565,182	135,644	0
Exchange rate losses	58,242	13,978	0
Tax assessment 12/13	3,190	766	124
Tax losses	460,618	110,548	0
Derived instruments liabilities	23,130	5,551	0
Total	1,334,255	320,222	5,115

Assets for pre-paid taxes	2021	Ires 24%	Irap 3,90%
Leasing	908,849	218,124	35,446
Machinery	2,931,365	703,523	114,326
Intangible contracts	2,248,112	539,547	87,676
Tower crane	35,771	8,585	1,395
Trademarks	79,625	19,110	3,105
Revaluation of Pama Srl	53,154	12,757	
Total	6,256,876	1,501,646	241,948

At 31 December 2020 the pre-paid assts and liabilities were detailed as follows:

Assets for pre-paid taxes	2020	Ires	Irap
		24%	3,90%
Plant costs			
Extraordinary transaction costs	152,053	36,493	5,930
Buildings	113,479	27,235	4,426
Prepayments	445,375	106,876	17,367
Employee severance indemnity	103,522	24,845	0
Rentals	85,081	20,420	3,318
rev. buildings depreciation	82,846	19,883	3,231
Quota etc. Rol	20,513	4,923	0
Credit losses	565,182	135,644	0
Exchange rate losses	58,242	13,978	0
Tax assessment 12/13	3,190	766	124
Tax losses	1,098,383	263,612	0
Derived instruments liabilities	263,612	25,583	0
Total	2,991,476	680,257	34,396

Deferred taxes payables	2020	Ires	Irap
		24%	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
Profit 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
Revaluation Pama Srl	53,154	12,757	0
Derived instruments assets	131,147	31,475	0
Total	13,898,123	3,335,544	533,858

The recoverability of prepaid taxes is based on the company's ability to generate taxable income in the coming years. The current situation related to Coronavirus could have effects on the company'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 company's economic and financial plan, allow a reasonable certainty of recovering these assets.

4.7 Inventories

At 31 December 2021 and at 31 December 2020 the inventories are detailed as follows:

INVENTORIES	31/12/2021	31/12/2020
Work in progress	11,466,041	14,533,500
Raw materials, auxiliaries and consumables	2,461,482	2,350,545
Finished products and goods	0	659,075
Obsolescence fund	0	-108,000
Pre=payments	0	0
total	13,927,523	17,435,120

The item "Raw, ancillary and consumable materials" mainly includes materials, components and raw materials such as steel and aluminium used in production.
The item "Order-based work in progress " represents the assets subject to the transformation process but not yet completed at the closing date of the financial year.
The “Finished products and merchandise” item mainly includes the inventory of goods destined for sale.
As of 31 December 2021, no assets in the Warehouse were pledged as collateral for loans or other transactions outstanding at that date.
The following are the changes to the obsolescence fund:

OBSOLESCENCE FUND	value 31/12/2020	increases	reductions	value 31/12/2021
Obsolescence fund inventories	108,000	0	-108,000	0
total	108,000	0	-108,000	0

Note that the Company mainly produces on the basis of specific orders from customers and not to accumulate inventory: this circumstance reduces the risk of accumulating excess inventory, limiting the risk of any cancellations of orders in production. Contractual clauses also allow the Company to ask customers for updates on the production in progress.
At the moment (as also specified in the Annual Report) there are no cancelled orders that could affect the economic and financial situation of the company.

4.8 Trade receivables

At 31 December 2021 and at 31 December 2020 the trade receivables are detailed as follows:

TRADE RECEIVABLES	31/12/2021	31/12/2020
Receivables versus customers	17,797,196	15,440,632
Receivables depreciation fund	-1,113,563	-1,448,250
total	16,683,633	13,992,382

Receivables from customers amount to € 17,797,196 and are shown gross of the bad debts fund of € 1,113,563 (a fund which is deemed adequate to cover the risks of insolvency in place).

At 31 December 2021 the changes to the receivables write-down fund is detailed as follows:

RECEIVABLES WRITE-DOWN FUNDS	value 31/12/2020	increases	reductions	value 31/12/2021
Receivables write-down fund	1,448,250	58,313	-393,000	1,113,563
total	1,448,250	58,313	-393,000	1,113,563

The receivables write-down fund 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, as emerges from the movements reported above. There were no uses in 2021.

There are no positions in a non-EU currency.

The current situation related to Coronavirus and the Russia Ukraine 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, and 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.

4.9 Current tax credit

At 31 December 2021 and at 31 December 2020 the income tax credit is detailed as follows:

INCOME TAX CREDIT	31/12/2021	31/12/2020
Inland Revenue Account Ires	30,215	51,980
Inland Revenue Account Irap	151,048	171,661
Tax payable IRES	-13,948	-41,430
IRAP tax payables	-137,344	-158,164
total	29,972	24,047

At 31 December 2021, the net position of the Company towards the tax authorities, for current taxes, is a credit balance.

4.10 Other receivables and current assets

At 31 December 2021 and at 31 December 2020 the other receivables and current assets are detailed as follows:

OTHER RECEIVABLES AND	31/12/2021	31/12/2020

CURRENT ASSETS		
Inland revenue VAT account	31,839	578
Withholdings interest due	61	75
Tax withholdings on rights	0	14,000
Irap reimbursement	277	277
Prepayments accounts for employees	1,000	0
Credit versus social security institutions	17,201	574
Prepayments to suppliers	453,243	621,890
Tax credit	576,896	447,838
Derivatives assets	5,548	136,695
Other current credit	8,978	440,634
Accrued income	501	2,698
Prepayments	581,126	715,515
total	1,676,671	2,380,774

The tax credits item mainly refers to the R&D tax credit for € 134,177 and the tax credit for hyper and super depreciation for € 406,436 provided for by the Balance Sheet Law 2020 no. 160/2019 article 1 section 184-197.

Note that financial assets that are not fixed assets referring to derivative instruments assets are interest rate hedging instruments in relation to financing and exchange hedging transactions, a choice dictated by the depreciation of the US dollar.

NON-FIXED FINANCIAL ASSETS	31/12/2021	31/12/2020
Derived financial instruments assets	5,548	136,695
total	5,548	136,695

The *deferred income* is detailed as follows:

DEFERRED INCOME	
Miscellaneous staff costs	107,981
Consultancies	192,229
Preliminary investigation expenses	77,048
Tax	25,384
Insurance	81,344
Maintenance fee	54,290
Aci	3,747
Rental fees	4,775
Utilities	931
Interest payable	3,005

Other deferrals	209
Miscellaneous charges	30,183
Total	581,126

The item other deferrals includes the “Welfare” plan, which refers to an employee incentive plan.

Accrued income can be detailed as follows:

ACCRUED INCOME	
Other accruals	501
Total	501

4.11 Cash and cash equivalents

At 31 December 2021 and at 31 December 2020 the cash and cash equivalents are detailed as follows:

CASH AND CASH EQUIVALENTS	31/12/2021	31/12/2020
Bank deposits	20,994,540	10,359,343
Cash	2,981	4,029
total	20,997,521	10,363,372

At 31 December 2021 the credit lines, granted by the banks, which the Group had available, amounted to € 20,850,000 (self-liquidating), € 25,000,000 (factoring), € 9,560,000 (cash) and were not burdened by any real guarantees.

At 31 December 2021 the uses are composed as follows:

- € 8.031.372 for self-liquidating lines
- € 24.615.882 for factoring lines

5. NOTES ON THE NET ASSETS

Values shown in Euros

5.1 Share capital

At 31 December 2021 the company's share capital was € 2.130.272, formed by 42,605,447 ordinary shares without a nominal value.

5.2 Dividends

The Group did not distribute dividends during this financial year.

5.3 Other reserves

At 31 December 2021 the other reserves included the transfer indicated below:

OTHER RESERVES	31/12/2021	31/12/2020
Legal reserve	65,960	65,960
Extraordinary reserve	120,562	120,562
Building revaluation reserve	1,060,124	1,060,124
IAS reserve	-367,168	-388,528
Surcharge reserve	13,057,309	20,359,738
Reserve to cover cashflow	-17,579	18,658
Own shares	-230,345	-230,345
Profit brought forward	698,390	0
total	14,387,253	21,006,169

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	120,562	ABC
Revaluation of buildings reserve	1,060,124	ABC
IAS variance reserve	-367,168	ABC
Surcharge reserve	13,057,309	ABC*
Cashflow coverage reserve	-17,579	
Own shares	-230,345	

Profit brought forward	698,390	ABC
Profit (loss) in the financial year	3,866,839	
Total net assets	20,384,364	

6. NOTES ON BALANCE SHEET LIABILITIES

Values shown in Euros

6.1 Benefits for employees

At 31 December 2021 and at 31 December 2020 this item is detailed as follows:

Benefits to employees	31/12/2021	31/12/2020
Employee severance indemnity	1,374,927	1,385,902
total	1,374,927	1,385,902

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, employee severance indemnity is comparable to a "post-employment benefit" of the "defined benefit plan" type until 31 December 2007, while it became a defined contribution programme starting from 1 January 2007, following the reform.

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

At 31 December 2021 the changes to employee severance indemnity is detailed as follows:

EMPLOYEE SEVERANCE INDEMNITY	TFR 31/12/2020	Increases	Reductions Non-current	Actualization IAS	TFR 31/12/2021
Employee severance indemnity	1,385,902	168,594	-151,462	-28,107	1,374,927
total	1,385,902	168,594	-151,462	-28,107	1,374,927

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. The actualization effect of the year is due to the modification of the "Valuation rate" parameter adopted in 2020 compared to that applied in the previous year.

Based on the provisions of the IAS 19 valuation parameters, the TFR calculation was carried out considering the following assumptions:

Evaluation rate -'iBoxx Corporate AA 10+ at 31.12.2021 -	1.00%
Mortality rate	ISTAT 2016 divided by sex

Invalidity table	INPS 2000
Annual turnover	2.00%
Constant annual inflation	1.00%

SENSITIVITY ANALYSIS	base hypothesis	hypothesis variance	value	TFR	variance in %
Evaluation rate	1.00%	0,5	1.50%	1,282,850	-1.28%
		-0.5	0.50%	1,477,072	13.66%
Inflation rate	1.00%	0.5	1.50%	1,424,358	9.61%
		-0.5	0.50%	1,328,477	2.23%
Turnover rate	2%	0.5	2.00%	1,358,302	4.52%
		-0.5	1.00%	1,394,048	7.27%
IAS 19 Evaluation				1,299,512	

6.2 Risks and charges fund

At 31 December 2021 and at 31 December 2020 the risks and charges fund is detailed as follows:

Risks and charges fund	31/12/2021	31/12/2020
Risks verification fund	76,984	76,984
Derivative instruments liabilities	0	106,597
total	76,984	183,581

The risks assessment fund refers to provisions relating to the assessment of the 2012 tax year for which the judgments are in favour of the company. For a better reclassification of the items, the item financial instruments liabilities has been reclassified from 2021 to financial liabilities.

6.3 Financial liabilities

At 31 December 2021 and at 31 December 2020 the financial liabilities are detailed as follows:

FINANCIAL LIABILITIES	current liabilities	Non-current liabilities	total
Financial payables to credit institutions	16,340,093	20,542,517	36,882,610
Leasing payables	604,276	1,245,292	1,849,568
total	16,944,369	21,787,809	38,732,178

The *liabilities towards financial institutions* refer to liabilities with credit institutions for medium/long-term mortgages and loans and for the use of credit lines.
The item payables to financial institutions includes the derivative instruments payable referred to interest rate hedging transactions in relation to financing and exchange hedging transactions, a choice dictated by the depreciation of the US dollar.

Derived instrument liabilities	31/12/2021	31/12/2020
Derived instrument liabilities	23,130	0
total	23,130	0

The following information is reported regarding loans:

Loans	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	
Banco BPM	30/09/2022		Euribor 3m/360	1.1	
Creval	05/01/2023	Var.	Euribor 3m/360	1.05	
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	
Mediocredito Centrale	31/03/2026		Euribor 3m/360	1.6	
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	
Cassa Depositi e Prestiti	31/03/2027	Fixed		0.5	Financial
Ubi	08/01/2022	Var.	Euribor 3m/360	1.6	Financial
Finlombarda	01/10/2027	Var.	Euribor 6m/360	2.5	
Bper	18/05/2023	Var.	Euribor 3m/360	0.95	
Simest	31/12/2026	Fixed		0.074	

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 31/12/2021 (the same as 31/12/2020), are shown in the table below:

Pre Covenants check

Bank	Original debt	debt 31/12	Rate within	Rate beyond	rate
CDP	5,000,000	5,000,000	750,000	4,250,000	0.50%
UBI	1,000,000	17,017	17,017	0	0.85%
Total	6,000,000	5,017,017	767,017	4,250,000	

Post Covenants check

Bank	Original debt	debt 31/12	Rate within	Rate beyond	rate
CDP	5,000,000	5,000,000	750,000	4,250,000	0.50%
UBI	1,000,000	17,017	17,017	0	1.60%
Total	6,000,000	5,017,017	767,017	4,250,000	

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, exceeding them involves:

For UBI financing, the application of a higher interest rate;

- UBI, whose debt as of 31/12/2021 is € 17.017 whose breach of the agreement involves the application of the interest rate. Note that this agreement was also breached previously (financial year 2017, 2108, 2019 and 2020) and that the maximum contractually applicable interest rate (1,60 %) is currently applied to the company.
- CDP whose debt as of 31/12/2021 is € 5,000,000 whose breach of the agreement involves a renegotiation of the contract. As of 31/12/2021 the agreement has been properly complied with.

6.4 Trade payables

At 31 December 2021 and at 31 December 2020 the trade payables are detailed as follows:

TRADE PAYABLES	31/12/2021	31/12/2020
Payables versus suppliers:		
Italy/International	12,531,636	13,776,992
Inter-group suppliers	590,806	1,387,779
total	13,122,442	15,164,771

At 31 December 2021 the liabilities versus suppliers referred to the amount due for the supply of capital and consumer goods, goods, services received, services and other management expenses. The debt includes appropriations for invoices to be received.

The inter-group suppliers item refers to payables to the company P.A.M.A S.r.l., PIQ2 Srl and Modelleria Ara Srl for € 590,806 for the production activity carried out in favour of Costamp Group SpA.

6.5 Income tax liabilities

At 31 December 2021 and at 31 December 2020 the income tax liabilities are detailed as follows:

INCOME TAX LIABILITIES	31/12/2021	31/12/2020
Inland revenue pre-paid Ires accounts	0	0
Inland revenue pre-paid Irap accounts	0	0
Ires tax liabilities	0	0
Irap tax liabilities	0	0
total	0	0

6.6 Other liabilities and current payables

At 31 December 2021 and at 31 December 2020 the other liabilities and current payables are detailed as follows:

OTHER LIABILITIES AND CURRENT PAYABLES	31/12/2021	31/12/2020
Tax liabilities	280,967	353,196
Payables versus social security institutions	625,128	721,679
Other liabilities	11,021,769	8,871,504
Accrued liabilities	18,381	64,825
Deferred income	412,152	434,444
total	12,358,396	10,445,648

Note that the item other liabilities is shown gross of payables to customers, while in the current year a more correct classification of the items indicated above was carried out.

The *tax liabilities* are detailed as follows:

TAX LIABILITIES	31/12/2021	31/12/2020
Inland revenue employees and collaborators account	253,825	333,163
Inland revenue freelance workers withholdings account	10,726	6,233
Other tax liabilities	16,416	13,800
total	280,967	353,196

The *liabilities versus social security institutions* can be summarised as follows:

LIABILITIES VERSUS SOCIAL SECURITY INSTITUTIONS	31/12/2021	31/12/2020

Payables versus Inps	482,997	575,307
Cometa pension fund	110,296	104,037
Fasi entity	0	1,165
Matasalute pension fund	2,782	3,393
Generali Ina Assitalia employee severance indemnity fund	5,431	8,200
Arca previdenza	1,568	1,620
Alleata previdenza	10,098	12,739
Posta vita	2,602	1,662
Intesa vita	2,340	4,519
Unipolsai assicurazioni	0	3,007
Reale mutua assicurazioni	495	499
Allianz	991	887
Mediulanum vita	756	670
Vittoria Assicurazioni	718	715
Fondo Prevendapi	3,749	2,954
Finanziaria familiare spa	305,00	305
total	625,128	721,679

The *Other liabilities* are summarised as follows:

OTHER LIABILITIES	31/12/2021	31/12/2020
Employees accrued vacation / 13 ^	1,393,140	1,479,357
Employee remuneration	599,543	572,641
Employees reimbursement of expenses	0	-76
Remuneration of directors	53,934	53,960
Unions	1,714	2,434
1/5 salary assignment	6,361	8,677
Miscellaneous payables	3,675,899	1,646,596
Credit card	11,989	217
Telecom payables	0	1,492
Payables to insurance companies	1,806	934
Italian customers advance payments	556,490	721,719
Foreign Customers advance payments	4,720,892	4,383,553
total	11,021,769	8,871,504

The *accrued liabilities* can be detailed as follows:

ACCRUED LIABILITIES	
Interest payable	12,393
Utilities	4,847
Other accrued liabilities	445
Aci	697

Total	18,381

DEFERRED INCOME	
Iper/Super credit	396,494
Miscellaneous revenue	15,008
Other deferred income	650
Total	412,152

7. NOTES ON THE PROFIT AND LOSS ACCOUNT

Values shown in Euros/thousands

7.1 Revenue from sales and services

At 31 December 2021 and at 31 December 2020 the revenue from sales and services can be summarised as follows:

REVENUE FROM SALES AND SERVICES	31/12/2021	31/12/2020
Sales revenue:		
Italian revenue	20,794,565	27,816,348

EEC revenue	17,472,161	7,555,343
Extra-EEC revenue	13,601,969	11,410,978
Operating grants	0	0
Inventories variances regarding processed, semi-finished and finished goods	0	-246,662
Variances from ongoing order-based processing	-3,067,458	2,635,002
total	48,801,237	49,171,009

7.2 Other revenue

At 31 December 2021 and at 31 December 2020 the Other Revenue is detailed as follows:

OTHER REVENUE	31/12/2021	31/12/2020
Other revenue	1,686,611	649,476
Operating grants	198,550	215,716
Contingent assets	150,412	298,559
Capital gains on the sale of shares	2,248,367	0
total	4,283,940	1,163,751

The item other revenue mainly refers to administration services items for € 1.065.000 and miscellaneous income for € 456.900.

7.3 Costs of goods and services

At 31 December 2021 and at 31 December 2020 the costs for goods and services can be summarised as follows:

COSTS OF GOODS AND SERVICES	31/12/2021	31/12/2020
Raw, ancillary and consumable materials	14,088,498	19,537,007
Change in inventories of materials	-496,942	-621,962
Services	18,441,131	11,821,666
Use of third party assets	64,242	57,149
Contingent liabilities	114,154	376,729
total	32,211,083	31,170,589

The services item in the table is composed of:

SERVICES	31/12/2020	31/12/2020
Processing	11,811,630	6,008,074
Utilities	1,991,641	1,269,409
Maintenance	1,011,335	829,610

Insurance companies	266,356	234,729
Directors	864,167	864,624
Consultancy/fees	990,384	816,353
Transportation costs	657,678	723,163
Maintenance fees	364,887	373,843
Other costs for services	483,053	701,861
total	18,441,131	11,821,666

The other costs for services include € 114,154 for contingent liabilities and € 78,979 for reimbursement of expenses to employees.

At 31 December 2020 the amount of the remuneration due to the statutory auditors and the independent auditors for the performance of their functions can be summarised as follows:

REMUNERATION	31/12/2021	31/12/2020
Remuneration of the Board of Auditors	23,500	23,500
Remuneration of the external Auditors	47,000	47,000
total	70,500	70,500

7.4 Staff costs

At 31 December 2021 and at 31 December 2020 the staff costs were:

STAFF COSTS	31/12/2021	31/12/2020
Salaries and wages	8,808,540	9,654,126
Social security charges	2,643,688	3,018,663
Employee severance indemnity	612,751	679,897
Other costs	302,049	367,140
total	12,367,028	13,719,826

The number of employees is detailed as follows:

NUMERO OF EMPLOYEES	31/12/2021	31/12/2020
Senior executives	1	1
Cadres (junior executives)	12	14
White collar workers	75	87
Blue collar workers	121	148
Apprentices	5	12

total	214	262

NUMBER OF EMPLOYEES	31/12/2021	31/12/2020
Open-ended contracts	2	1
Apprentice contracts	5	12
Fixed term contracts	207	249
total	214	262

NUMBER OF EMPLOYEES	31/12/2021	31/12/2020
Temporary workers	0	4
total	0	4

7.5 Depreciation and write-downs of receivables

At 31 December 2021 and at 31 December 2020 the depreciation and write-downs of receivables are detailed as follows:

DEPRECIATION AND PROVISIONS	31/12/2021	31/12/2020
Depreciation of intangible assets	561,602	548,636
Depreciation of tangible assets	2,487,501	2,677,592
Other write-downs of fixed assets	0	0
Bad debt	58,313	64,269
total	3,107,416	3,290,497

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.

7.6 Other costs and charges

At 31 December 2021 and at 31 December 2020 the other costs and charges regarded the following:

OTHER COSTS AND CHARGES	31/12/2021	31/12/2020
Miscellaneous operating costs	429,476	390,439
total	429,476	390,439

The item miscellaneous operating costs mainly regards costs for defective products for € 58,976, to the municipal taxes IMU and Tasi for € 59,010, to capital losses related to fixed assets for € 82,190 and to the recording of losses on receivables for € 106,222.

7.7 Financial revenue, charges and recoveries/write-downs of shareholdings

At 31 December 2021 and at 31 December 2020 financial revenue and charges are detailed as follows:

FINANCIAL REVENUE AND CHARGES	31/12/2021	31/12/2020
Interest on leasing/RENTAL liabilities	-231,097	-196,021
Losses on exchange rates	-93,674	-49,518
Profit on exchange rates	220,858	8,226
Financial charges versus others	-757,897	-594,586
Financial revenue	235	288
total	-861,576	-831,611

The item financial charges versus 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 area.

EXTRAORDINARY REVENUE AND CHARGES	31/12/2021	31/12/2020
Disinfection tax credit	134,177	18,381
Extraordinary transaction consultancy	-422,942	-124,019
total	-288,765	-105638

7.8 Taxes

At 31 December 2021 and at 31 December 2020 the income tax in the profit and loss account can be summarised as follows:

TAXES		31/12/2021			31/12/2020	
	IRES	IRAP	TOTAL	IRES	IRAP	TOTAL
Current taxes	-13,948	-137,343	-151,291	-40,985	-158,164	-199,149
Deferred tax assets	-98,154	-6,884	-105,038	-260,047	-10,453	-270,500
Deferred tax liabilities	260,933	42,402	303,335	294,091	47,789	341,880

total	148,831	-101,825	47,006	-6,941	-120,828	-127,769

Below is the reconciliation of the theoretical tax burden with the actual one:

	31/12/2020
Pre-tax Profit (Loss)	3,819,834
Ires rate	24.00%
Theoretical taxes	916,760
Profit from Alunext shares	-2,135,949
goods inf.516,46 (telecommunications)	235
Car fuel 30%	17,717
Car fuel 80%	4,674
Car toll fees 80%	10,448
Car insurance 30%	4,380
Leased cars maintenance 30%	4,496
Car maintenance 30%	3,051
Car insurance 80%	7,012
Leased car maintenance 80%	137
Car maintenance 80%	3,860
Telecommunications 20%	12,321
Mobile phones 20%	8,847
General telecommunications operating costs	662
Switchboard operation fee	256
Undocumented reimbursements	120
Car rental 80%	735
Car rental 30%	2,200
Telephone rentals	987
mb real estate leasing administration	3,461
Costamp real estate redeemed administration	9,768
Car depreciation	39,250
Telephones depreciation	1,123
Real estate depreciation	22,996
Trademarks depreciation	3,562
Rentals depreciation	39,900
Increase 40% leasing before 2018	-146,340
Increase 30% leasing 2018	-13,664
super depreciation 40%	-34,916
Super depreciation 30%	-35,123
Iper depreciation	-409,082

Capital gains on cars	-3,895
Director's car capital gains	-14,487
imu	65,555
Deductible imu 60%	-39,333
Road tax 30%	2,601
Road tax 80%	2,541
Contingent assets	-96,763
R&s tax credit	-134,177
iper super tax credit	-22,637
Garage patent	-1,600,000
Positive IAS variances	1,131,213
Negative IAS variances	-246,999
Tax losses	-232,461
Ace	0
Total taxable	58,116
Ires tax	13,948
Actual IRES rate	0.36%

With regard to the positive and negative IAS changes items, note that among the records that have an effect on the profit and loss account we find revenues and costs that fall within the taxable income in a year other than that in which they contribute to forming the statutory profit, the main items that have changes refer to depreciation relating to the estimates made by the company according to the Ias/Ifrs at the transition date with reference to the machinery and real estate categories.

7.9 Relations with affiliated entities

At 31 December 2021 and at 31 December 2020 the relations with affiliated entities can be summarised as follows:

RELATIONS WITH AFFILIATED ENTITIES 2021	Trade Credit	Financial Credit	Other Credit	Trade Liabilities	Financial Liabilities	Other Liabilities
Pa.ma Srl	0	0	0	243,486	0	0
PiQ2 Srl	0	80,000	0	0	0	0
Modelleria Ara Srl	43,790	0	0	346,907	0	0
Co.stamp Srl	29,466	0	411,755	0	0	0
Alunext Srl		200,000	0	728,195	0	0
total	73,255	280,000	411,755	1,318,588	0	0

7.10 Summary table of the parent company's balance sheet

Information on the parent company or entity (art. 2497-bis of the Civil Code.).

The company is a subsidiary of Co.Stamp Srl, which, based on 90.99% of the shares, gives directions, influencing the decisions taken by the company.
Below are summaries of the essential (adjusted) data of the latest approved financial statements of the company Co.Stamp Srl referring to year end 31/12/2020.

FINANCIAL POSITION			
	Notes	31/12/2020	31/12/2019
Assets			
Non-current assets			
Real estate, plant and machinery	-	0	0
Intangible assets	-	0	0
Shareholdings	4.1	63,199,541	63,184,541
Financial assets withheld until expiry or for negotiation	4.2	2,102,772	2,053,772
Pre-paid tax assets	4.3	161,602	180,099
Other non-current assets	-	0	0
Total non-current assets		65,463,915	65,418,412
Current assets			
Inventories	-	0	0
Trade receivables	4.4	3,449	3,207
Income tax credit	-	0	0
Other current credit and assets	4.5	30,522	28,577
Available cash	4.6	0	46,507
Total current assets		33,971	78,291
Non-current assets destined for sale	-	0	0
Total assets		65,497,886	65,496,703
Net assets and liabilities			
Net assets			
Share capital	5.1	1,000,000	1,000,000
Other reserves	5.3	58,316,121	59,794,988
Profit in the financial year		-130,583	-1,478,867
Net assets		59,185,538	59,316,121
Liabilities			
Non-current liabilities			
Benefits to employees	6.1	98,000	49,000
Long-term financial liabilities	6.2	4,800,000	0
Deferred tax liabilities	-		0
Total non-current liabilities		4,898,000	49,000
Current liabilities			

Trade liabilities	6.3	90,632	82,387
Income tax liabilities	6.4	600,000	600,000
Other current liabilities and payables	6.5	416,418	416,418
Short-term financial liabilities	6.2	307,299	5,032,777
Total current liabilities		**1,414,348**	**6,131,582**
Total Net Assets and Liabilities		**65,497,886**	**65,496,703**

PROFIT AND LOSS ACCOUNT			
	Note	31/12/2020	31/12/2019
Revenue from sales and services	7.1	0	0
Other revenue	7.2	17,889	5,120
Total operating revenue		**17,889**	**5,120**
Costs for goods and services	7.3	-107,501	-208,291
Staff costs	7.4	0	0
Depreciation and devaluations	7.5	0	0
Other costs and charges	7.6	-691	-14,470
Total Operating Costs		**-108,191**	**-222,761**
Operating profit		**-90,302**	**-217,641**
Financial charges	7.7	-101,783	-144,576
Financial revenue	7.7	79,999	85,554
Dividends and other revenue (charges) from shareholdings	7.7	0	-1,263,600
Recoveries/write-downs net of shares	7.7	0	0
Taxes in the financial year	7.8	-18,498	61,396
Profit /(loss) in the financial year		**-130,583**	**-1,478,867**

1- Remuneration of Directors

At 31 December 2021 the amount of remuneration due to directors for the performance of their functions is detailed as follows:

REMUNERATION OF DIRECTORS	31/12/2021
Remuneration	856,455
Reimbursement of expenses	7,713
total	864,168

During the year, no loans were granted to the Directors and the Company has no receivables from them at the balance sheet date.

2- Other information

Remuneration of the external auditors

During 2021, the Company appointed Crowe Bompani SpA to carry out the statutory audit of the financial statements for the financial years closed on 31 December 2020, 2021 and 2022.

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 financial statements and consolidated financial statements and for the limited audit of the half-yearly report was equal to € 47,000.

Potential liabilities

The company has no potential liabilities.

Sureties and guarantees given in favour of third parties

The Company has not granted sureties or guarantees in favour of third parties.

Events subsequent to the close of the financial year

Referring back to what was stated in the "Introduction", the significant events that occurred after the end of the financial year are highlighted, such as:

-on 22 February 2022 an agreement was finalised with Cassa Depositi e Prestiti S.p.A., "Assets for" the "Relaunch Assets" - "National Fund Temporary Support" section ("Allocated Assets")", an agreement for the subscription of a convertible bond for 5,000,000 Euros, with a duration of six years from the date of issuance.

- on 18 January 2022 the company PLASTINEXT S.r.l. was established, based on the collaboration with Ennegi@ S.r.l., Costamp Group S.p.A. subscribed 51% of the share capital of € 10,200, the purpose of the activity is the construction of moulds for plastics, models for foundries, shells and machinery in general, in addition to the design of mechanical equipment and machinery.

3- Informative notice pursuant to art.1 section 125 of Law no. 124 of 4 August 2017

4- Note that the company has received the following public grants during the financial year:

- H2020 grant for € 36,852
- Sabatini law for € 41,699
- Plants account grant € 50,000
- Grant for investments for € 70,000
- Research & Development 2020 – Law 160 et seq. for € 100,199

8. <u>Information required by IFRS 7</u>

Values shown in Euros

Below is the information required by IFRS 7 limited to the applicable and significant aspects relating to the company.

8.1 Maturity analysis

Shown below is the schedule for gross trade receivables versus customers broken down by expiry category:

	Total expired	<90	<90 <150	beyond 150	To expire	Total Receivables
Trade receivables	2,357,095	1,264,189	254,584	838,322	8,833,924	11,191,019
Non-performing loans	692,859	0	0	692,859	0	692,859
Invoices still to be issued	0	0	0	0	4,755,965	4,755,965
Receivables versus subsidiaries	0	0	0	0	43,790	43,790
total	3,049,954	1,264,189	254,584	1,531,181	13,633,679	16,683,633

Note that non-performing loans overdue for more than 150 days are appropriately written down considering the information obtained from lawyers in relation to the foreseeable recovery.
Please refer to what is previously indicated in the Trade receivables section in relation to the risks associated with the effects of the Coronavirus.

The company also has the following additional financial assets:

CASH AND CASH EQUIVALENTS	31/12/2021
Bank deposits	20,994,540
Cash	2,981
total	20,997,521

This regards cash held with primary credit institutions.

8.2 Sensitivity analysis

Sensitivity analysis relating to interest rate risk, the effects of a hypothetical, instantaneous increase of 0.5% in interest rates.

(In thousands of Euros)	Impact on the profit net of the effect of taxes		Impact on the net assets net of the effect of taxes	
	- 50 bps	+ 50 bps	- 50 bps	+ 50 bps
Financial year closed at 31 December 2021	19	(19)	19	(19)
Financial year closed at 31 December 2020	19	(19)	19	(19)

8.3 Liquidity risk

With regard to the liquidity risk, note that the counterparties (in general suppliers, personnel and leasing companies and banks) cannot request the settlement of the items still outstanding at 31 December 2021 in advance. The cash flows, generated by operational management, are sufficient to cover the Company's liquidity needs.

The schedule of liabilities is shown below:

	Total expired	<90	<90 <150	beyond 150	To expire	Total Liabilities
Trade liabilities	631,824	254,848	25,587	351,389	12,490,618	13,122,442
Other current liabilities and payables	0	0	0	0	12,358,396	12,358,396
total	631,824	254,848	25,587	351,389	24,849,014	25,480,838

Finally, the analysis of outgoing cash flows (undiscounted) relating to payables to leasing and lenders on which the interest component takes on greater importance is reported.

	Total	within 1 year	beyond 1 within 5	beyond 5 years
Capital leasing liabilities	1,849,568	604,276	1,184,961	60,331
Liabilities versus lenders	36,882,610	16,340,093	20,042,517	500,000

Informative notice regarding the *fair value*

The fair value of instruments listed on public markets is determined by referring to the bid prices at the closing date of the period. The fair value of unlisted instruments is measured with reference to financial valuation techniques: in particular, the fair value of interest rate swaps is measured by discounting the expected cash flows, while the fair value of forwards on foreign exchanges is determined on the basis of interest rates. exchange rates at the reference date and the expected rate differentials between the currencies involved.

Financial assets and liabilities measured at fair value are classified in accordance with the three hierarchical levels described below, based on the relevance of the information (inputs) used in calculating the fair value.

In particular:

- Level 1: financial assets and liabilities whose fair value is determined on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities to which the Company can access at the valuation date;
- Level 2: financial assets and liabilities whose fair value is determined on the basis of inputs other than listed prices as per Level 1 but observable directly or indirectly;
- Level 3: financial assets and liabilities whose fair value is calculated on the basis of unobservable input data.

At 31 December 2021 there were no financial instruments evaluated at *fair value*.

The tables below provide a breakdown of the assets and liabilities per category at 31 December 2021:

At 31 December 2021

	Level 1	Level 2	Level 3	Total

(In thousands of Euros)					
CURRENT ASSETS					
Cash	-	20,998	-	-	20,998
Trade receivables	-	13,928	-	-	13,928
Other current receivables	-	1,677	-	-	1,677
Current financial assets	-	-	-	-	-
NON-CURRENT ASSETS					
Non-current financial assets	-	692	-	-	692
Other non-current receivables	-	4	-	-	4
CURRENT LIABILITIES					
Trade liabilities	-	-	-	13,122	15,165
Current financial liabilities	-	-	-	16,944	14,364
Other current liabilities	-	-	-	12,358	10,446
NON-CURRENT LIABILITIES					
Non-current financial liabilities	-	-	-	21,788	27,665
Other non-current liabilities	-	-	-	1,375	1,385

At 31 December 2020

(In thousands of Euros)	Level 1	Level 2	Level 3		Total
CURRENT ASSETS					
Cash	-	10,363	-	-	10,363
Trade receivables	-	13,992	-	-	13,992
Other current receivables	-	2,381	-	-	2,381
Current financial assets	-	-	-	-	-
NON-CURRENT ASSETS					
Non-current financial assets	-	80	-	-	80
Other non-current receivables	-	4	-	-	4
CURRENT LIABILITIES					
Trade liabilities	-	-	-	15,165	15,165
Current financial liabilities	-	-	-	14,364	14,364
Other current liabilities	-	-	-	10,446	10,446
NON-CURRENT LIABILITIES					
Non-current financial liabilities	-	-	-	27,665	27,665
Other non-current liabilities	-	-	-	1,385	1,385

Proposal for profit distribution

On the basis of the above, we propose the profit of the financial year amounting to € 3.866.839 to be distributed as follows:

- € 3,866,839 profit brought forward.

For the Board of Directors

The Chairman MARCO CORTI

The undersigned Dr. Fabio Ripamonti, 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 of the company, pursuant to art. 31 section 2-quinquies of Law 340/2000, declares that the IT document containing the balance sheet and income statement, as well as these supplementary notes, comply with the original documents filed with the company.

FABIO RIPAMONTI

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