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

INTERIM REPORT at 30/06/2021

Dear Shareholders,

This Interim Management Report, prepared by the Board of Directors, includes the condensed interim consolidated financial statements at 30 June 2021, drafted in accordance with IAS 34, concerning interim financial reporting. The condensed interim consolidated financial statements at 30 June 2021 were drafted up in an "abbreviated" format and must therefore be read jointly with the consolidated financial statements of the Costamp Group for the year ended 31 December 2020, prepared in compliance with IFRS, without prejudice to the content of the section of the explanatory notes "accounting standards, amendments and interpretations applicable from 1 January 2021".

The condensed consolidated interim financial statements were drafted on the assumption of the Group's ability to do business as an operating entity. The Group believes that there are no economic, equity, financial and organizational indicators (as defined by paragraph 25 of the IAS 1 Principle) that give rise to uncertainties about the going concern.

This interim report must be read in conjunction with the accounting statements and related explanatory notes, integral parts of the condensed consolidated half-year financial statements.

Lastly, note that the alternative performance indicators used represent, on the one hand, a key to interpreting the results not provided for by the IAS/IFRS, and on the other hand, they should not be considered as a replacement of those outlined by the same principles.

Costamp Group S.p.A. closed the half-year period with a net profit of € 2,840,650.

To give an appropriate interpretation of the profit for the half year, it is necessary to refer to the external "Coronavirus" factor and the extraordinary transactions carried out in this situation:

Coronavirus

This situation at the relevant date (30 June 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 S.r.l.

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.

Extraordinary transaction Costamp Real Estate S.p.A.

Costamp Real Estate S.p.A. was established on 16 June 2021 through the proportional partial demerger of Costamp Group S.p.A., 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 book equity was reduced by the amount of 7,313,069 Euros, entirely from reserves, without any share capital reduction.

The transferred assets, to which the fixed plants, industrial buildings and prepaid taxes refer, were equal to 17,609,206 Euros net of accumulated depreciation, while the transferred liabilities, to which the financial debts linked to the real estate complex refer plus the Deferred taxes amounted to 10,296,137 Euros.

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

Given the above, the result for the period indicates that the path followed is correct and that the profit of 2,840,650 Euros is to be considered more than satisfactory. A comparison of revenue for the first half of 2021 equal to 26.7 million is also highlighted. with the first half of 2020 equal to 24.9 million, which shows an increase of 7.3%.

As regards the Gross Operating Margin (EBITDA), it stood at 5.1 million Euros, with an EBITDA of 17.33% of revenue from sales and services, compared to 3.6 million Euros at 30 June 2020 at 14.65%.

The group has completed a new R&D project that will bear fruit starting in 2021.

The net financial position as at 30 June 2021 amounted to € -19.1 million while at 30 June 2020 it amounted to € -32.2 million, this improvement is mainly due to the extraordinary transactions the company was engaged in during the first half of the year.

Note the liquidity of € 21,978 million at 30 June 2021 compared to € 10,717 million at 31 December 2020.

The condensed consolidated interim financial statements were drafted on the assumption of the Group's ability to do business as an operating entity. The Directors believe that, given shareholders' equity of € 19,992,333, given the cash and cash equivalents of € 21,978,010 and considering the large unused credit lines available to date, as well as considering the further profitability recoveries expected and envisaged in the short/medium-term business plans, there are no economic, financial and organisational indicators (as defined by paragraph 25 of IAS 1 Principle) that give rise to uncertainties about business continuity.

The Explanatory Notes provide information relating to the illustration of the condensed consolidated interim financial statements at 30 June 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
Piero Antonio Capitini	-	Statutory Auditor
Marzia Galli	-	Substitute Auditor
Cristiano Fracassi	-	Substitute Auditor

In office until approval of the 2022 balance sheet

External Auditors

Crowe AS Spa

In office until approval of the 2022 balance sheet

Nomad

Banca Intermobiliare di Investimenti e Gestioni Spa

THE ORGANISATIONAL STRUCTURE OF THE GROUP AT 30 JUNE 2021

At 30 June 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 € 3.5 million, of which approximately € 1.4 million towards Group companies.
A 49% shareholding in ALUNEXT, a company operating in the Foundry Business Unit sector, described in more detail in the extraordinary transactions section of this report.
A 0.13 shareholding in the company COSTAMP REAL ESTATE established as described in more detail in the extraordinary transactions section of this report, through a proportional partial demerger operation.

THE GROUP'S BUSINESS

Costamp Group's core business is based on the design and production of moulds, particularly for the automotive industry, the production activity regards the production of moulds for aluminium and magnesium for high pressure and the production of large thermoplastic moulds and 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.

At the date this interim report was drafted, as a consequence of the activities carried out for the purpose of restoring a free float sufficient to ensure the regular trend of trading in the shares of Costamp Group S.p.A., the composition of the shareholder structure with an indication of the significant shareholders is as follows:

Shareholder	No. shares	%
Co.Stamp srl	38,768,407	90.99
Own shres	54,753	0.13
AIM Italia Market	3,782,287	8.88
Total	**42,605,447**	100.00

SIGNIFICANT FACTS OF THE FIRST HALF-YEAR 2021

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 page 2.

OPERATING PERFORMANCE BALANCE SHEET, FINANCIAL AND ECONOMIC SITUATION OF THE COSTAMP GROUP AT 30/06/2021

The Group uses alternative performance indicators that 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 reclassification statement of the Balance Sheet and Income Statement is provided below.

OPERATING PERFROMANCE

Economic – profitability situation

Euros	**30/06/2021**		**30/06/2020**	
Revenue from sales and services	26,782,791		24,960,583	
Otehr income	2,912,454		456,730	
Total production value	**29,695,245**		**25,417,313**	
Production costs	-17,699,451		-14,732,390	
Other operating costs	-170,912		-171,246	
VALUE ADDED	**11,824,882**	39.82%	**10,513,677**	41.36%
Personnel costs	-6,677,880		-6,938,827	
EBITDA	**5,147,002**	17.33%	**3,574,850**	14.65%
Depreciation and write-downs	-1,625,012		-1,782,117	
PROFIT (LOSS) **(EBIT)**	**3,521,990**	11.86%	**1,792,733**	7.05%
Financial income and expenses	-515,761		-366,651	
Write-downs of financial assets	0		0	
Revenue from extraordinary transactions	24,650		0	
PRE-TAX PROFIT	**3,030,879**		**1,426,082**	
Tax on operating income	-190,229		-267,502	
PROFIT (LOSS)	**2,840,650**		**1,158,580**	

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

It is believed that they are in aay case suitable for giving indications on the general performance of the asset's economic and value management.

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	30/06/2021	30/06/2020
Revenue	27,005,064	26,724,373
Production value	26,782,791	24,960,583
Pre-tax profit	3,030,879	1,426,082

The operating production value, of € 26.782.791 shows the result achieved in terms of productivity.

Some of the intermediate income margins are shown below:

Ratio description	30/06/2021	30/06/2020
EBITDA	5,147,002	3,574,850
Operating profit ratio EBIT	3,521,990	1,792,733

Economic indicators

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

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

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

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

Ratio description	30/06/2021	31/12/2020
Net ROE (profit / net worth)	14.21	3.17
ROI (Return on Investment) Profit / (fixed assets+inventories +commercial receivables and payables)	1.86	2.68
ROS - (Return on Sales)	3.28	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	**30/06/2021**	**31/12/2020**
Intangible assets	9,749,925	9,974,118
Tangible fixed assets	21,235,266	39,888,955
Real estate investments	0	2,136,829
Financial fixed assets	2,680,345	506,570
A) Total net fixed assets	**33,665,536**	**52,506,472**
Inventories	16,171,369	17,494,358
Receivables from customers	15,053,833	13,990,934
Receivables from others (including deferred tax assets)	2,529,910	3,395,373
Other operational activities	286,412	86,411
Trade payables	-14,950,837	-14,561,712
Other debts	-10,145,056	-10,753,626
Deferred tax liabilities	-1,939,375	-3,869,402
Provision for risks and charges	-76,984	-183,581
B) Total working capital	**6,929,272**	**5,598,755**
C) INVESTED CAPITAL (A+B)	**40,594,808**	**58,105,227**
D) EMPLOYEE SEVERANCE INDEMNITY	-1,480,403	-1,488,536
E) NET CAPITAL REQUIREMENT (C+D)	**39,114,405**	**56,616,691**
cover by		
F) OWN CAPITAL	**-19,992,333**	**-24,454,111**
Share capital	-2,130,272	-2,130,272
Reserves	-13,642,930	-20,868,294
Profit carried forward	-1,378,481	-680,091
Operating result	-2,840,650	-775,454
G) NET FINANCIAL POSITION	**-19,122,072**	**-32,162,580**
Medium / long term financial debt	-26,118,769	-28,353,235
Short-term financial payables	-14,981,313	-14,526,733

Cash and cash equivalents	21,978,010	10,717,388
H) TOTAL AS IN "E" (F+G)	**-39,114,405**	**-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 working capital is the difference between trade receivables, warehouse stocks and trade payables.

The value of the net working capital is summarised in the table below:

	30/06/2021	31/12/2020
Trade receivables	15,053,833	13,990,934
Inventories	16,171,369	17,494,358
Trade liabilities	- 14,950,837	- 14,561,712
CCN	16,274,365	16,923,580

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 financial debt

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

NET FINANCIAL DEBT	30/06/2021	31/12/2020
Non-current financial liabilities	26,118,769	28,353,234
Current financial liabilities	14,981,312	14,526,733
Cash and cash equivalents	- 21,978,010	- 10,717,388
	19,122,071	32,162,579

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, net of the effects of the IFRS 16 principle.

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	30/06/2021	31/12/2020
Primary structure margin	- 14,296,399	- 28,942,511
Primary structural quotient	0.58	0.46
Secondary structure margin	15,319,132	- 4,952,242
Secondary structure quotient	1.45	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	30/06/2021	31/12/2020
Total debt ratio (current liabilities+consolidated / net worth)	3.49	3.02
Financial debt ratio (debfinancial laiabilitie / net worth)	2.06	1.75

Solvency (or liquidity) indicators

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

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

Ratio description	30/06/2021	31/12/2020
Availability margin (current assets – curent liabilities)	15,319,132	4,952,242
Availability ratio (current assets / current liabilities)	1.38	1.12
Treasury margin	- 852,237	- 12,542,116

(available cash + deferred – current liabilities)		
Treasury quotient (available cash + deferred / current liabilities)	0.98	0.68

ECONOMIC SITUATION OF THE COSTAMPGROUP S.P.A. GROUP AT 30/06/2021

The following is the financial situation of the Group:

Description	30/06/2021	30/06/2020
Revenues from sales and services	26,782,791	24,960,583
Other income	2,912,454	456,730
Total operating revenues	**29,695,245**	**25,417,313**
Costs for goods and services	17,699,451	14,732,390
Cost of labour	6,677,881	6,938,827
Depreciation and write-downs	1,625,012	1,782,117
Other costs and charges	170,912	171,246
Total operating costs	**26,173,256**	**23,624,580**
Operating income	**3,521,989**	**1,792,733**
Financial charges	-515,906	-367,289
Financial income	146	638
Write-down of financial assets	0	0
Proventi ed oneri straordinari	24,650	
Taxes for the year	-190,229	-267,502
Profit (loss) for the year	**2,840,650**	**1,158,580**

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:

<u>Market related risks</u>

The entire world market continues to be subject to a succession of particularly significant events. After *dieselgate*, which broke out at the end of 2015, was partially overcome, the additional events were the USA tariff increases, the US-CHINA trade tensions and, lastly, *Brexit*.

These factors have contributed to a general slowdown in the whole economy, which is however acting intensely in various industries. In this scenario, the automotive industry is not immune, marking a slowdown in growth during 2019, and which will probably also persist during 2020, with an outcome that is difficult to imagine.

In any case, beyond phenomena related to individual continents, there remains the automotive industry's need to increasingly promote the construction and use of infrastructures and vehicles with low environmental impact, fuelled with the greatest possible contribution of renewable sources.

Although the Group has increased its ability to penetrate the world market in recent years, also through new technologies, in order to be ready to seize the opportunities that the evolution of the market will offer, it cannot in any case be excluded that these global phenomena could result in a negative impact on the business and its growth prospects.

Considering what was stated in the introduction, with reference to the "coronavirus", the management is absolutely confident, taking into account the current data in its possession, that the company is able to face any problems foreseeable to date.

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

In 2021 the Group achieved 50% of its turnover with 10% of its customers.
Three significant categories can be identified among the Group's customers:

a) the first, including ten main customers who made up 50% of the Group's turnover (i.e. half of the Group's overall turnover);

b) the second, including a further twelve main customers who made up a total of 25% of the Group's turnover (more or less equally distributed);

c) the third, including other minor customers who made up a total of 25% of the Group's turnover.

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

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

The supply relationships that exist between the Group and its customers are governed by the customers' general purchasing conditions which, in addition to not being negotiable, have notably serious consequences for the Group.
Although this circumstance is customary in the automotive industry, it should be noted, in particular, that all the above-mentioned general conditions give the Company's main customers ample opportunity to terminate supply contracts that have already concluded (already signed but not yet fulfilled), as well as temporary suspension of already scheduled deliveries and/or cancellation or modification, at any time, of orders already placed without incurring any liability, but with the possibility of obtaining the restitution of the accrued margin.
The risk is mitigated by the fact that the products supplied by the Group are strategic and essential to the buyers' production cycle since they represent the initial link in the production of a new engine.
The suspension or cancellation of an already planned order would in fact result in a slowdown or even stoppage of the launch of a new vehicle on the market.
Also for this reason, the supply relationships between the Group and its main customers are long-term relationships which, in addition to never having generated any disputes, are supported by a very strong fiduciary bond, testified by the practice according to which orders are often formalised close to the delivery date, when the important co-design phase between the Group's technical department and those of the customers has ended.
As far as the "coronavirus" is concerned, the risk that could arise is the request by some customers to delay payments, caused by a slowdown and/or temporary stoppage of their production. In this regard, management is assessing all the risks associated with these possibilities and is carrying out an assessment of the facilities made available by government bodies.

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 35.00% of its turnover was in Italy.
The remaining 65.00% of turnover derived from commercial transactions concluded in the rest of Europe (38.00%), in Central and North America (i.e. in Mexico and the USA, 26.00%) and in Asia (i.e. India and China for the remaining 1.00%).
In 2021 the total amount of trade flows directly exposed to an exchange rate risk was equivalent to approximately 5% of the Group's turnover, only for Nemak USA.
For this reason, the Group did not use specific exchange rate hedging instruments in 2021.
With regard to the "coronavirus" factor, it is not believed that this will have an impact on this risk assessment, given the small amount managed in foreign currency.

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 30 June 2021 the Group has a financial debt of approximately 41.100 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.
The effect of the "coronavirus" is not believed to have an impact on this risk assessment, bearing in mind the trend in interest rates and adopted national and international policies. If the need arises, the Group may, on the one hand, evaluate the wider use of existing credit lines that are not fully used, and on the other hand, in accordance with the banking system, consider the financial measures provided for by existing government decrees and decrees soon to be issued.

Liquidity risks

Management believes that the funds and credit lines that are currently available, in addition to the resources that will be generated from operating and financing activities, will allow the Group to meet the needs arising from investment, working capital management and redemption activities of the debts at their natural maturity, as well as ensuring the continuation of a growth strategy also through targeted acquisitions that can create value for the shareholders.
Cash and cash equivalents at 30 June 2021 amounted to 21.978 million.

The latter, and the cash flow from the operating activities that the Group will be able to carry out, are without doubt factors that allow the Group's exposure to liquidity risk to be reduced.

As far as the "coronavirus" effect is concerned, significant requests for payment extensions may emerge from customers which could consequently turn into a liquidity risk for the company. In this regard, management is assessing all the risks associated with these possibilities and, if necessary, will take advantage of any facilities made available by government bodies, also assessing any remodelling and extension of the credit lines in place with the banks. Discussions are already taking place with the banks.

BUSINESS OUTLOOK

The Group is proceeding to improve the production synergy of the production sites in Sirone (Lc), Rivalta di Torino (TO) and Correggio (RE), with the recovery of internal efficiency. These production poles will still be interchangeable for production purposes for a better and more efficient rationalization of the entire design and production apparatus.

With the launch of new collaborations, with high-value players, which started with the spin-off of the foundry branch, an improvement in the commercial strategy is assumed, for more widespread and incisive coverage on the international market.

As regards growth programmes for external lines, efforts will also be made 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	30/06/2021	30/06/2020
Senior executives	1	1
Cadres (junior executives)	14	14
Employees	85	85
Workers	118	169
Apprentices	8	10
Temorary workers	2	2
total	228	281

Research and development

In the first half-year of the 2021 financial year, the Parent Company carried out research and development to generate technological innovation and directed its efforts in particular on projects that are considered particularly innovative, carried out in the Sirone (LC) and Correggio (RE) plants, 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 activities aimed at defining and testing new technological solutions within the "Metal additive for Lombardy" project

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

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

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

For R&D activities, the company intends to take advantage of the tax credit provided pursuant to article 1(35) of law no. 190 of 23 December 2014, as amended and added to, including law no. 145 of 30 December 2018 article 1(70 – 72).

<u>Relations with subsidiaries, associates, parent companies</u>

Changes in receivables and payables to parent companies, affiliates and subsidiaries, not eliminated since they are not included in the scope of consolidation.

RELATED ENTITY RELATIONS 30/06/2021	Commercial Receivables	Financial Credit	Other Credit	Commercial Payables	Financial Debt	Other Debit
Pa.ma Srl	-	-	-	542,829	-	-
PiQ2 Srl	-	80,000	-	-	-	-
Costamp Srl	31,818	-	416,418	2,136	4,772	-
Modelleria Ara	131,638	-	-	542,829	-	-
Alunext Srl	226,526	200,000	39,948	1,198,782	11,861	-
Costamp Reale Estate Spa	15,695	-	42,030	145,912		-
Total	405,677	280,000	498,396	2,432,489	16,633	0

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

VOLUMES	Costs	Revenue
Subsidiaries	299,924.19	28,400
Affiliates	2,381,943	275,473
total	2,681,867	303,873

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.

<u>List of locations</u>

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 n.25 Turin (TO), operational headquarters.

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

Own and Group shares

At 30 June 2021 the parent Company holds 54.753 treasury shares (equal to 0.13% of the share capital) purchased for a total value of € 230,345.32 for an average value of € 4.21 per share.

SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

No further significant events occurred after the end of the year.

Profit in the financial year

The profit for the period up to 30 June 2021 amounted to € 2.840.650.

Sirone, 29 September 2021

FOR THE BOARD OF DIRECTORS

The Chairman MARCO CORTI

COSTAMP GROUP S.P.A.

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

Share capital 2.130.272 fully paid up

Tax Code and VAT number 01763310354

CONSOLIDATED BALANCE SHEET AT 30/06/2021

CONSOLIDATED FINANCIAL POSITION STATEMENT

	Note	30/06/2021	31/12/2020
Assets			
Non-current assets			
Real estate, plant and machinery	1	21.235.266	39.888.954
Intangible fixed assets	2	9.749.925	9.974.118
Real estate investments	3	0	2.136.829
Shareholdings	4	2.680.345	506.570
Long-term financial assets	5	280.000	80.000
Tax assets paid in advance	6	339.456	806.412
Other non-current assets	4	3.740	3.740
Total non-current assets		**34.288.732**	**53.396.623**
Current assets			
Inventories	7	16.171.369	17.494.358
Trade receivables	8	15.053.833	13.990.934
Receivables for income taxes	9	0	16.854
Other receivables and current assets	10	2.190.454	2.572.107
Short-term financial assets	11	2.672	2.672
Cash availability	12	21.978.010	10.717.388
Total current assets		**55.396.337**	**44.794.313**
Non-current assets held for sale	**13**	**0**	**0**
Total assets		**89.685.069**	**98.190.936**
Net equity and liabilities			
Net worth			
Share capital		2.130.272	2.130.272
Other provisions		13.642.930	20.868.295
Profit brought forward		1.378.481	680.091
Financialyear profit		2.840.650	775.454
Net worth		**19.992.333**	**24.454.112**
Liabilities			
Non-current liabilities			
Employee benefits	14	1.480.403	1.488.536
Long-term financial liabilities	15	76.984	183.581
Long term financail liabilities	16	26.118.769	28.353.234
Deferred tax liabilities	6	1.939.375	3.869.402
Total non-current liabilities		**29.615.531**	**33.894.753**
Current liabilities			
Trade payables	17	14.950.838	14.561.712
Income tax payables	18	44.087	0
Other current payables and liabilities	19	10.100.968	10.753.626
Short-term financial liabilities	15	14.981.312	14.526.733
Total current liabilities		**40.077.205**	**39.842.071**
Total net worth and liabilities		**89.685.069**	**98.190.936**

CONSOLIDATO BALANCE SHEET AT 30/06/2021

PROFIT AND LOSS ACCOUNT

	Note	30/06/2021	30/06/2020
Revenues from sales and services	1	26.782.791	24.960.583
Other revenue	2	2.912.454	456.730
Total operating revenue		**29.695.244**	**25.417.313**
Costs for goods and services	3	-17.699.452	-14.732.390
Cost of labour	4	-6.677.881	-6.938.827
Depreciation and write-downs	5	-1.625.012	-1.782.117
Net reinstatement/write-down of receivables		0	0
Other costs and charges	6	-170.912	-171.246
Total operating costs		**-26.173.256**	**-23.624.579**
Operating profit		**3.521.989**	**1.792.734**
Financial charges	7	-515.907	-367.290
Financial income	7	146	638
Net reinstatement/write-down of equity investments	7	0	0
Extraordinary income and costs	7	24.650	0
Taxes for the financial year	8	-190.229	-267.502
Profit (loss) for the year		**2.840.650**	**1.158.580**

OVERALL CONSOLIDATED PROFIT AND LOSS ACCOUNT		
	30/06/2021	30/06/2020
Profit (loss) for the financial year	2.840.650	1.158.580
Items not to be reclassified in the Profit/Loss statement for the financial year	0	0
Actuarial profit/(loss) from end of service severenace pay	0	0
Taxes on items brought directly to, or transferred from the net worth	0	0
Total other components of comprehensive income	**2.840.650**	**1.158.580**
TOTAL COMPREHENSIVE INCOME STATEMENT FOR THE FINANCIAL YEAR	**2.840.650**	**1.158.580**

STATEMENT OF CHANGES IN CONSOLIDATED NET WORTH

Total Net Worth	**capitale sociale**	**altre riserve**	**risultati**	**totale**
Balance at 31 December 2020	2.130.272	20.630.942	1.692.898	24.454.112
Assignment of profit/(losses) from the previous financial year		1.692.898	-1.692.898	0
Assgment of PN Extraordinary Transactions		-7.302.429	0	-7.302.429
Total profit and loss account		0	2.840.650	2.840.650
Dividends		0	0	0
* change in IAS 19 provision		0	0	0
Balance at 30/06/2021	**2.130.272**	**15.021.411**	**2.840.650**	**19.992.333**

* lthe item includes the acturail profit or loss of the employee severance indemnity

FINANCIAL STATEMENT	**30/06/2021**	**30/06/2020**
Pre-tax profit	**3.031**	**1.426**
Adjustments for:		
Depreciation of:		
- intangible asets	283	290
- tangible assets	1.342	1.492
Devaluations/(Recoveries)		
Allocation to risks and charges funds		
Financial (Income)/charges	516	367
(Gains)/Losses and other non-monetary items	29	-2

Cash flow from operating activities before changes in net working capital		
Increase/(Decrease) benefits for employees	-70	-300
(Increase)/Decrease in inventories	386	1.524
(Increase)/Decrease in trade receivables	-1.063	-651
(Increase)/Decrease in other assets/liabilities and assets/liabilities for prepaid/deferred taxes	83	-2.328
Increase/(Decrease) in trade payables	389	-2.769
Dividends collected		
Interest income and other financial revenue received		1
Interest payable and other financial charges paid	-516	-368
Use of provisions for risks and charges and bad debt provision		
Taxes paid		-9
Cash flows from operating activities (a)	**4.410**	**-1.327**
Net investments in intangible assets	-174	-449
Net investments in tangible assets	-827	-2.219
Net costamp integration operation fund		
Net investments in shares		
(Increase)/Decrease in other investment activities	2.042	
Cash flows from investing/disinvesting activities (b)	**1.041**	**-2.668**
Increase in financial liabilities	8.000	7.725
Financial payables repayments and other net changes)	-2.190	2.520
Payments on capital accounts and contribution		
Dividends paid		
Cash flow from financing activities (c)	**5.810**	**10.245**
Effect of changes in exchange rates on cash and cash equivalents (d)		
Increase/(decrease) in cash and cash equivalents (a + b + c + d)	11.261	6.250
Cash and cash equivalents at the beginning of the financial year	**10.717**	**6.522**
Cash and cash equivalents at the end of the financial year	**21.978**	**12.772**

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 CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2021

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).

The publication of these condensed consolidated interim financial statements at 30 June 2021 was authorised by the Board of Directors on 29 September 2021.

1. GENERAL INFORMATION

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

2. SCOPE OF CONSOLIDATION

At 30 June 2021 the following is the Group's scope of consolidation:

3. FORMAT AND CONTENT OF THE CONSOLIDATED BALANCE SHEET

The abbreviated half-year consolidated balance sheet at 30 June 2021 was drafted in accordance with IAS 34, concerning interim financial reporting. IAS34 allows the drafting of financial statements in "abbreviated" format, that is on the basis of a minimum level of information significantly lower than that required by the International Financial Reporting Standards issued by the International Accounting Standards Board adopted by the European Union (IFRS), where a full disclosure statement drafted on the basis of IFRS was previously made available to the public.

With regard to the presentation methods, note that:

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

Note that the drafting of the condensed interim consolidated financial statements requires the Directors to make estimates and assumptions that have an effect on the values of revenues, costs, assets and liabilities in the financial statements and on the information relating to potential liabilities at the date of the condensed interim consolidated financial statements. Should these estimates and assumptions, which are based on the best evaluation by the Directors, should differ from the actual circumstances in the future, they will be modified appropriately in the period in which the circumstances change.

Note also that some valuation processes, in particular the more complex ones such as the calculation of any permanent losses in value of non-current assets, are generally performed in a complete manner only for the drafting of the annual financial statements, when all the information is available, except in cases where there are impairment indicators that require an immediate assessment of any impairment losses; in this case, in the first half of 2021, no impairment indicators were identified that require the activation of the test also for the condensed consolidated half-year financial statements.

The balance sheet and profit and loss account and financial report, the cash flow statement and the statement of changes in the consolidated shareholders' equity accounts are shown in Euros (which is the currency the Costamp Group uses) and the amounts have been shown in thousands of Euros unless otherwise indicated.
The consolidated financial statements of the Group include the equity, economic and financial situation of the Parent Company, Costamp Group S.p.A., and of the Italian and foreign operating companies over which the Parent Company directly or indirectly has control, namely Modelleria Ara S.r.l. With reference to the subsidiary PiQ 2 S.r.l., considering the irrelevance and the characteristic business of the same, that is different from that of the Group, the same was not consolidated.

In the condensed consolidated interim financial statements, the economic data and the cash flow statement for the half year were compared with those of the same half of the previous period. The net financial position and the items of the consolidated balance sheet and financial position as at 30 June 2021 are compared with the corresponding final data at 31 December 2020.

With reference to IAS 1, the directors confirm that, in consideration of the economic prospects, capitalization and financial position of the Group and considering the large unused credit lines available to date, the same operates as a going concern and the condensed consolidated half-year financial statements were drafted using the accounting standards of a group in operation, as described in more detail in the Interim Report.

4. CONSOLIDATION STANDARDS

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

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

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

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

The consolidation principles can be summarised as follows:

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

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

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

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

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

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

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

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

(iii) dividends distributed by the shareholder;

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

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

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

Dividends, revaluations, write-downs and losses on investments in companies included in the consolidation area, as well as capital gains, capital losses from intra-group disposals of investments in companies included in the consolidation area have been eliminated.
Gains and losses arising from transactions between companies included in the consolidation area, which are not realised directly or indirectly through transactions with third parties, have been eliminated on the basis of the share quota.

Aggregation of Companies

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

1. SUMMARY OF ADOPTED ACCOUNTING STANDARDS AND VALUATION CRITERIA

Accounting standards

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

Accounting standards, amendments and interpretations applied from 1 January 2021

Starting from 2021, the Group has applied the following new accounting standards, amendments and interpretations, revised by the IASB:

• On 28 May 2020, the IASB published an amendment called "Covid-19 Related Rent Concessions (Amendment to IFRS 16)". The document gives tenants the right to account for the reduction in rent connected to Covid-19 without having to assess, through the analysis of the contracts, whether the definition of lease modification of IFRS 16 is complied with. Therefore, tenants who apply this right will be able to record the effects of the reductions in rent directly in the income statement on the effective date of the reduction. This amendment applies to financial statements starting on 1 June 2020. The adoption of this amendment did not have any effects on the Group's financial statements.

• On 28 May 2020, the IASB published an amendment called "Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)". The amendments make it possible to extend the temporary exemption from the IFRS 9 application until 1 January 2023 for insurance companies. The adoption of this amendment did not have any effects on the Group's financial statements.

• On 27 August 2020, the IASB published, in light of the reform on interbank interest rates such as the IBOR, the document "Interest Rate Benchmark Reform — Phase 2" which contains amendments to the following standards: - IFRS 9 Financial Instruments; - IAS 39 Financial Instruments: Recognition and Measurement; - IFRS 7 Financial Instruments: Disclosures; - IFRS 4 Insurance Contracts; and - IFRS 16 Leases. All the changes entered into force on 1 January 2021. The adoption of this amendment did not have any effects on the Group's financial statements.

IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union, not yet mandatory and not adopted in advance by the Group at 30 June 2021

On 14 May 2020, the IASB published the following amendments entitled: • Amendments to IFRS 3 Business Combinations: the amendments aim to update the reference in IFRS 3 to the Conceptual Framework in the revised version, without these entailing changes to the standard's provisions.

• Amendments to IAS 16 Property, Plant and Equipment: the amendments are intended not to allow the amount received from the sale of goods produced in the test phase of the activity to be deducted from the cost of tangible assets. These sales revenues and related costs will therefore be entered in the income statement.

• Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: this amendment clarifies that in the estimate of the possible cost of a contract, all costs directly attributable to the contract must be considered. Consequently, the evaluation of the possible cost of a contract includes not only the incremental costs (for example, the cost of the direct material used during processing), but also all the costs that the company cannot avoid since it has stipulated the contract (for example, the share of depreciation of the machinery used for the fulfilment of the contract).

• Annual Improvements 2018-2020: the changes were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

All the changes will come into force on 1 January 2022. At the moment the directors are evaluating the possible effects of the introduction of these amendments on the Group's consolidated financial statements.

IFRS accounting standards, amendments and interpretations not yet approved by the European Union

At the reference date of this document, the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the amendments and standards described below.

1) On 18 May 2017, the IASB published IFRS 17 - Insurance Contracts, which is intended to replace IFRS 4 - Insurance Contracts. The objective of the new standard is to ensure that entities provide relevant information that faithfully represents the rights and obligations derived from issued insurance contracts. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies by providing a single standard-based framework to account for all types of insurance contracts, including reinsurance contracts. The new standard also provides for presentation and disclosure requirements to improve comparability between entities belonging to this sector. The new standard measures an insurance contract based on a General Model or a simplified version of this, called the Premium Allocation Approach ("PAA"). The following are the main features of the General Model:

• the estimates and assumptions of future cash flows are always current ones;

• the measurement reflects the time value of money;

• the estimates envisage an extensive use of information observable on the market;

• there is a current and express measurement of risk;

• the expected profit is deferred and aggregated into groups of insurance contracts at the time of initial entering into the accounts; And,

• the expected profit is entered in the contractual coverage period, considering the adjustments derived from changes in the assumptions relating to the cash flows relating to each group of contracts.

The PAA approach provides for the measurement of liability for the residual coverage of a group of insurance contracts provided that, at the time of initial entering into the accounts, the entity expects that this liability reasonably represents an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications resulting from the application of the PAA method do not apply to the valuation of liabilities for outstanding claims, which are measured with the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance to be paid or collected will take place within one year of the date on which the claim occurred. The entity shall apply the new standard to insurance contracts issued, including reinsurance contracts, to reinsurance contracts held and also to investment contracts with a discretionary participation characteristic (DPF). The standard applies from 1 January 2023 but early application is allowed, only for entities that apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers.

2) On 23 January 2020, the IASB published an amendment called "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current". The document aims to clarify how to classify debts and other short or long-term liabilities. The changes come into effect from 1 January 2023; early application is, however, allowed.
3) On 12 February 2021, the IASB published two amendments called "Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates - Amendments to IAS 8". These amendments are aimed at improving disclosure on accounting policies to provide more useful information to investors and other primary users of the financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies. The changes will apply from 1 January 2023, but early application is allowed.
4) On 31 March 2021, the IASB published an amendment called "Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)" which extends the application period of the amendment to the IFRS 16 by one year, issued in 2020, relating to the accounting of the concessions granted, due to Covid-19, to tenants. The changes will apply from 1 April 2021. Early adoption is allowed.
5) On 7 May 2021, the IASB published an amendment called "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The document clarifies how deferred taxes on certain transactions that can generate assets and liabilities of the same amount, such as leasing and dismantling obligations, must be entered in the accounts. The changes will apply from 1 January 2023, but early application is allowed. At the moment, the directors are evaluating the possible effects of the introduction of this amendment on the Group's consolidated financial statements.
6) On 30 January 2014, the IASB published IFRS 14 - Regulatory Deferral Accounts, which allows only those who adopt IFRS for the first time to continue to enter the amounts relating to activities subject to regulated tariffs ("Rate Regulation Activities") According to the previous accounting standards adopted. Since the Group is not a first-time adopter, this standard is not applicable.

2. EXTRAORDINARY TRANSACTIONS

Alunext S.r.l.

On December 18, 2020, the company Alunext S.r.l. was established, 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 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 showing the assets and liabilities subject to the transfer transaction:

CONFERMENT	Assets	Liabilities
Industrial buildings	50,440	
Plant and machinery	4,249,388	
Equipment	101,812	
Mobile office equipment	16,564	
Electronic machinery	10,551	
Trucks	43,519	
Cars	17,593	
Light constructions	240,301	
Bridge crane	76,884	
Multi-year costs	2,064	
Lease assets improvements	118,209	
Inventories	937,080	
Other receivables and current assets	6,806	
Pre=paid taxes fund	224	
Financial payables		681,400
Payables versus employees		173,246
Other current liabilities		11,527
Employee severance indemnity		21,739
Deferred taxes fund		568,753

Costamp Real Estate S.p.A.

Costamp Real Estate S.p.A. was established on <> through the proportional partial demerger of Costamp Group S.p.A., 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 book equity was reduced by 7,313,069 Euros, entirely from 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 refer to the financial liabilities connected to the real estate complex and to the Deferred taxes amounted to 10,296,137 Euros.

The tables below show the assets and liabilities the spin-off concerned:

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

3. NOTE ON BALANCE SHEET ASSETS

Values expressed in Euros

FIXED ASSETS

1. Tangible fixed assets

At 30 June 2021 the following are the details of changes to the real estate, plant and machinery item:

TANGIBLE FIXED ASSETS		value 31/12/2020	increases	decreases	Provision	Demerger	value 30/06/2021
Industrial buildings	cost	19,002,570	2,252,335	0	-344,183	-16,639,089	4,271,634
	depr. fund	-2,538,841	-324,057	0	53,441	1,970,106	-839,350
	net value	16,463,730	1,928,278	0	-290,741	-14,668,983	3,432,284

Plant and machinery	cost	30,827,240	138,050	-242,000	-6,095,452	-1,211,350	23,416,488
	depr. fund	-10,056,558	-696,368	35,177	1,763,987	665,234	-8,288,528
	net value	20,770,682	-558,318	-206,823	-4,331,465	-546,116	15,127,961
Industrial equipment	cost	2,888,848	85,626	0	-356,346		2,618,128
	depr. fund	-2,156,325	-108,458	0	254,534		-2,010,249
	net value	732,523	-22,832	0	-101,812	0	607,879
Other goods:							
Mobile office equipment	cost	667,623	12,180	0	-30,094		649,709
	depr. fund	-393,870	-25,371	0	13,530		-405,711
	net value	273,754	-13,191	0	-16,564	0	243,998
Electronic office machines	cost	1,660,075	27,200	0	-20,547		1,666,728
	depr. fund	-1,240,286	-48,514	0	9,996		-1,278,804
	net value	419,789	-21,314	0	-10,551	0	387,924
Trucks	cost	472,534	1,740	-9,684	-116,415		348,175
	depr. fund	-320,588	-14,250	9,684	72,896		-252,259
	net value	151,946	-12,510	0	-43,519	0	95,916
Cars	cost	1,070,630	13,592	-69,325	-37,968		976,929
	depr. fund	-623,252	-122,559	60,260	20,375		-665,176
	net value	447,378	-108,967	-9,065	-17,593	0	311,753
Cell phones	cost	35,249		0	0	0	35,249
	depr. fund	-27,360	-2,873				-30,234
	net value	7,888	-2,873	0	0	0	5,015
Full deduction goods	cost	58,867	0	0			58,867
	depr. fund	-58,867	0	0			-58,867
	net value	0	0	0	0	0	0
Current fixed assets	cost	621,265	426,540	-25,269			1,022,536
	depr. fund	0					0
	net value	621,265	426,540	-25,269	0	0	1,022,536
total	cost	57,304,901	2,957,263	-346,278	-7,001,004	-17,850,439	35,064,444
	depr. fund	-17,415,946	-1,342,451	105,121	2,188,758	2,635,340	-13,829,178
	net value	39,888,955	1,614,813	-241,157	-4,812,246	-15,215,099	21,235,266

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.

It should be noted that the transferred values are indicated in the "contribution" and "spin-off" columns, as better indicated and explained in the "extraordinary transactions" section on page 9 of these Explanatory Notes and in the Interim 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 standard IAS 17/IFRIC 4):

LEASING			
company	no.	asset	asset value
CREDEM	SI 176796	MIKRON HPM800	445,000
CREDEM	SI 181872	MAS MCV 1270	165,000
PORSCHE FIN.	58597	PORSCHE 918	75,156
FIGESTIM	150465	PRESSA PROVA STAMPI	465,000
ALBA LEASING	1078735	MIKRON HPM1850	655,000
CREDEMLEASING	AA 198672	BMW X1	32,496
SARDALEASING	S3/166064	CARROPONTE	200,000
SARDALEASING	S2/166758	MIKROFORATRICE CR800	79,000
CREDEM	SI195582	MAS MCV 1270	165,000
SG LEASING	SS372725	MIKRON	670,000
UNICREDIT	LS1674035	INGERSOLL GANTRY	415,000
CREDEM	SI195585	MAZAK	222,000
UNICREDIT	AS/1694908	PORSCHE MACAN	66,159
UNICREDIT	LS1681632	CARROPONTE	150,000
CREDEM	201236	ALESATRICE CASTEL	120,000
UNICREDIT	LS1683058	RETTIFICHE	115,000
BANCA PRIVATA	131855	IMMOBILE CORREGGIO	2,026,867
SARDALEASING	S2/176493	DMU 95	350,000
VOLKSWAGEN FINANCIAL	L. 10184167	AUDI Q5	64,000
CREDEM	L. 208247	CANNON ERGOS	630,000
ALBA LEASING	L. 1156147	MAZAK	213,000

With regard to the item "Fixed assets in progress", these are advances paid to suppliers for machinery that will be delivered during 2021, detailed in the table below:

	Asset value
Progettazione Imm. R&S	46,421
Pressa LPF	783,086
Moldmak cnc	193,029

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

2. Intangible fixed assets

At 30 June 2021 the following are the details of the changes to the "Intangible fixed assets" item:

INTANGIBLE FIXED ASSETS		value 31/12/2020	increases	decreases	Provision	Demerger	value 30/06/2021
Research and development costs	cost	1,488,236	128,045	0	0		1,616,281
	depr. fund	-36,512	-1,962	0	0	0	-38,474
	net value	1,451,724	126,083	0	0	0	1,577,807
Trademark licensing costs	cost	1,782,489	29,004	0	-14,321	0	1,797,171
	depr. fund	-1,397,850	-89,707	0	14,321	0	-1,473,236
	net value	384,639	-60,703	0	0	0	323,935
Start-up	cost	5,557,229	0	0	0	0	5,557,229
	depr. fund	-209,546	0	0	0	0	-209,546
	net value	5,347,683	0	0	0	0	5,347,683
Other intangible fixed assets	cost	3,746,784	14,000	0	-2,065	0	3,758,719
	depr. fund	-1,115,657	-184,809	0	1	0	-1,300,466
	net value	2,631,127	-170,809	0	-2,064	0	2,458,253
Leased assets improvements	cost	244,190	0	0	-185,210	0	58,980
	depr. fund	-97,844	-6,084	0	72,194	0	-31,734
	net value	146,346	-6,084	0	-113,016	0	27,246
fixed assets in progress	cost	12,600	15,000	-12,600	0	0	15,000

	depr. fund	0	0	0	0	0	0
	net value	12,600	15,000	-12,600	0	0	15,000
total	cost	12,831,528	186,049	-12,600	-201,596	0	12,803,381
	depr. fund	-2,857,410	-282,562	0	86,515	0	-3,053,456
	net value	9,974,118	-96,513	-12,600	-115,081	0	9,749,925

Note that the transferred values are indicated in the "conferment" and "spin-off" columns, as better indicated and explained in the paragraph "extraordinary transactions" on page 9 of these Explanatory Notes and in the Interim Report.

In relation to goodwill, the company carried out a check on any lasting loss in value of goodwill without finding any impairment indicators.

3. Real estate investments

At 30 June 2021 the changes in real estate investments are detailed as follows:

REAL ESTATE INVESTMENTS		value 31/12/2020	increases	decreases	Provision	Demerger	value 30/06/2021
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

In relation to the real estate investment for the property located in Cornate d'Adda (MB) Via Primo Stucchi, note that the transferred values are indicated in the "conferment" and "spin-off" columns, as explained in more detail in the "extraordinary transactions" section on page 9 of these explanatory notes and in the Interim Report.

4. Investments in subsidiaries (not consolidated) and associates

At 30 June 2021, the changes related to investments in subsidiaries and associates can be detailed as follows:

SHAREHOLDINGS 30/06/2021	value 01/01/2021	increases	decreases	financial capitalizations	value 30/06/2021
Shares in subsidiaries					
PiQ2 S.r.l.	91,890	0	0	0	91,890
Shares in affiliates					
Pama S.r.l.	404,680	0	0	0	404,680
JV brambilla India	0	0	0	0	0

Alunext S.r.l.	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	506,570	4,425,408	-2,251,633	0	2,680,345
Other shareholdings					
Other shareholdings	3,740	0	0	0	3,740
total	3,740	0	0	0	3,740

Note that although PiQ2 is a subsidiary, it has not been consolidated due to the lack of homogeneity of operating activities and the irrelevance of the economic and equity values.

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

- Pama S.r.l. holding equal to 49% of the share capital. Shareholding value equal to € 404,680;
- JV Brambilla India with 50% of the share capital. Shareholding value equal to € 0;
- PiQ2 S.r.l. holding equal to 72.6% of the share capital. Shareholding value equal to € 91,890;
- Alunext S.r.l. holding equal to 49% of the share capital. Shareholding value equal to € 2,173,137;
- Real Estate holding equal to 0.13% of the share capital. Shareholding value equal to € 10,638;

Pama S.r.l.

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

JV Brambilla India

In 2015, a 50% JV was established with Continental Engines, a primary Indian foundry 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 precaution, the book value of the investment of € 9,769.79 has been fully written down in previous periods.

PiQ2 S.r.l.

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

Alunext S.r.l.

Alunext S.r.l. was established in 2020, as described in more detail in the “extraordinary transactions” section on page 9 of these Explanatory Notes and in the Interim Report, on 19 January 29, 51% of the equity investment was sold.

Costamp Real Estate S.p.A.

Costamp Real Estate S.p.A. was established in 2021, as described in more detail in the "extraordinary transactions" section on page 9 of these explanatory notes and in the Interim Report, through a proportional partial demerger transaction on 16 June 2021.

5. Long term financial assets

At 30 June 2021 the following are the changes to long term financial assets:

FINANCIAL ASSETS AT 30/06/201	current assets	non-current assets	total
non-interest bearing loans	0	280,000	280,000
total	0	280,000	280,000

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

a) Non-interest bearing loans refer to a disbursement in favour of the unconsolidated subsidiary PiQ2 equal to € 80.00, which as contractually envisaged, PiQ2 will reimburse following the repayment of the third-party loans and to the associated company Alunext S.r.l. equal to € 200,000.

6. Deferred tax assets and deferred tax liabilities

Deferred taxes are set aside on the temporary differences, subject to prepaid or deferred taxation, between the value of assets and liabilities for statutory purposes and their value for tax purposes.
Note that the rate used for the calculation of deferred taxes is equal to the nominal IRES rate of 24%, increased where applicable, by the IRAP rate (3.9%).
Prepaid taxes are set aside where their future recovery is probable.
As of 30 June 2021 and 31 December 2020, deferred tax assets and deferred tax liabilities are detailed as follows:

Pre-paid taxes assets	30/06/2021	Ires 24%	Irap 3.90%
Extraordinary transaction costs	114,040	27,370	4,447
Employee severance indemnity	103,522	24,845	0

Rentals	65,307	15,674	2,547
Rol Quota etc.	20,512	4,923	0
Bad debt	565,182	135,644	0
Losses on exchange rates	58,242	13,978	0
Tax assessment 12/13	3,190	766	124
Tax losses	87,134	20,912	0
Derivative instrument liabilities	106,597	25,583	0
MA pre-paid taxes	224,527	53,886	8,757
Total	1,348,253	323,581	15,875

Pre-paid taxes assets	31/12/2020	Ires	Irap
		24%	3.90%
Extraordinary operation costs	152,053	36,493	5,930
Buildings	113,479	27,235	4,426
Deferred income	445,375	106,876	17,367
Severance indemnity	103,522	24,845	0
Rentals	85,081	20,420	3,318
Depreciation of building rev.	82,846	19,883	3,231
Rol Quota etc.	20,513	4,923	0
Credit losses	565,182	135,644	0
Losses on exchange rates	58,242	13,978	0
Tax assessment 12/13	3,190	766	124
Tax losses	1,098,383	263,612	0
Derivative instrument liabilities	263,612	25,583	0
MA pre-paid taxes	328,885	78,932	12,827
Total	3,320,361	759,189	47,223

Liabilities for deferred taxes	30/06/2021	Ires	Irap
		24%	3,90%
Leasing	1,035,515	248,524	40,386
Machinery	3,205,250	769,256	125,007
Intangible fixed assets contracts	2,431,986	583,677	94,847
Cranes	38,502	9,241	1,502
Brad names	81,375	19,530	3,173
Revaluation of Pama S.r.l.	53,154	12,757	0
Derivative instrument assets	131,147	31,475	0

Total	6,976,929	1,674,460	264,915

Liabilities for deferred taxes	31/12/2020	Ires 24%	Irap 3.90%
Leasing	4,638,394	1,113,213	180,898
Machinery	3,849,558	923,889	150,135
Immaterial contracts	2,612,830	627,079	101,900
Profit on exchange rates	25,260	6,062	0
Buildings	190,715	45,772	7,438
Cranes	85,959	20,630	3,352
Buildings Law 185	2,227,982	534,716	86,892
Brand names	83,124	19,950	3,242
Revaluation of Pama S.r.l.	53,154	12,757	0
Derived instrument assets	131,147	31,475	0
Total	13,898,123	3,335,544	533,858

7. Inventories

At 30 June 2021, the composition of the inventories was as follows:

INVENTORIES	30/06/2021	31/12/2020
Work in progress	14,229,783	14,533,500
Raw materials, auxiliaries and consumables	1,774,900	2,350,545
Finished products and goods	108,000	659,075
Obsolescence fund	-108,000	-108,000
Subtotal	16,004,683	17,435,120
Modellerie Ara consolidation	166,686	59,238
total	16,171,369	17,494,358

The item "*Raw, ancillary and consumable materials*" mainly includes the material necessary for the business activity carried out by the Company, valued using the weighted average cost criterion.

The item "*Work in progress*" represents the assets subjected to the transformation process but not yet completed at the closing date of the financial year, valued on the basis of the direct cost actually incurred at the closing date of the financial year.

The item "*Finished products and goods*" includes stocks of goods intended for sale, on which a bad debt provision of € 108,000 has been calculated, unchanged from the previous year.

As of 30 June 2021, no assets in stock were pledged as collateral for loans or other transactions outstanding at that date.

The following are the changes in the obsolescence fund:

OBSOLESCENCE FUND	value 31/12/2020	merger value	increases	decreases	value 30/06/2021
Inventories obsolescence fund	108,000	0	0	0	108,000
total	108,000	0	0	0	108,000

8. Trade receivables

At 30 June 2021 the following are the details of the changes to trade receivables:

TRADE RECEIVABLES	30/06/2021	31/12/2020
Receivables versus customers	15,494,126	14,984,963
Credit wite-downs fund	-1,448,250	-1,448,250
Subtotal	14,045,876	13,536,713
Modellerie Ara consolidation	1,007,957	454,221
total	15,053,833	13,990,934

Receivables from customers amount to € 16,523,028 gross of the bad debts fund of € 1,469,195 (a fund which is considered adequate to face the risks of insolvency), of which € 20,945 is included in the Modelleria Ara consolidation item.

The bad debts fund refers to items that could be uncollectible, as well as to late payments and substandard loans. The following changes are reported:

RECEIVABLES WRITE-DOWNS FUND	value 31/12/2020	increases	decreases	value 30/06/2021
Receivables write-downs fund	1,469,195	0	0	1,469,195
total	1,469,195	0	0	1,469,195

The bad debt fund refers to items that could be uncollectible, as well as to late payments and substandard loans.

There are no positions in non-EU currencies.

9. Credit for current taxes

At 30 June 2021 the following are the details of the changes to current tax credit:

INCOME TAX CREDIT	30/06/2021	31/12/2020
Inland revenue Ires account	0	51,980
Inland revenue Irap account	0	171,661
Ires tax liability	0	-41,774
Irap tax liability	0	-158,219
Subtotal	0	23,648
Modelleria Ara consolidation	0	-6,794
total	0	16,854

10. other receivables and current assets

At 30 June 2021 the following are the details of the changes to other credit and current assets:

OTHER RECEIVABLES AND CURRENT ASSETS	30/06/2021	31/12/2020
VAT account receivable	0	578
Miscellaneous tax credit	484,323	14,926
Other current receivables	958,831	1,838,389
Accrued income	4,484	2,698
Deferred income	742,816	715,515
total	2,190,454	2,572,107

The following are the main items that make up the item "other current receivables":

- Advances to suppliers for € 334,205;
- Other receivables from Co.Stamp S.r.l. for € 416,418.

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

FINANCIAL ASSETS THAT ARE NOT FIXED ASSETS	30/06/2021	31/12/2020
Financial instruments derived assets	136,695	136,695
total	136,695	136,695

As at 30 June 2021, there were no write-downs on receivables included in the item Other receivables and current assets.

Prepayments are detailed as follows:

DEFERRALS	
Miscellaneous personnel costs	151,986
Consultancy	162,592
Costs for preliminary investigations	88,522
Tax	67,932
Insurance	109,555
Maintenance fees	132,372
Maintenance	1,762
Aci	2,741
Rental fee	5,132
Utilities	933
Interest payable	4,319
Patents	80
Other deferrals	176
Miscellaneous charges	14,714
Total	742,816

The accrued income is detailed as follows:

ACCRUED INCOME	
Other accrued income	241
Interest	4,243
Total	4,484

11. Short-term financial assets

As of 30 June 2021 the amount of short-term financial assets amounted to € 2,672, as a result of the consolidation of the subsidiary Modelleria Ara S.r.l., referring to unlisted third-party shares.

12. Cash and cash equivalents

At 30 June 2021 the following are the cash and cash equivalents:

CASH AND CASH EQUIVALENTS	30/06/2021	31/12/2020
Bank deposits	21,641,890	10,359,343
Cash on hand	3,568	4,029
Subtotal	21,645,458	10,363,372
Modelleria Ara consolidation	332,552	354,016
total	21,978,010	10,717,388

At 30 June 2021 the credit lines, granted by the banking system, available to the Group amounted to € 22,850,000 (self-liquidating), € 20,000,000 (factoring), € 1,585,000 (cash) and were not burdened by any collateral.

As of 30 June 2021, the uses were composed as follows:

- € 5,809,290 for self-liquidating lines
- € 17,140,111 for factoring lines

13. Non-current assets held for sale

At 30 June 2021 there are no non-current assets held for sale.

4. NOTES ON THE NET WORTH

1. Share capital

At 30 June 2021 the share capital of the company is equal to € 2,130,272, consisting of no. 42,605,447 ordinary shares with no par value.

2. Dividends

The group did not distribute any dividends during the period.

3. Other reserves

At 30 June 2021 the other reserves are detailed as follows:

OTHER RESERVES	30/06/2021	31/12/2020
Legal reserves	65,960	65,960
Extraordinary reserves	120,562	120,562
Reserves for revaluation of buildings	1,060,124	1,060,124
IAS reserve	-388,528	-388,528
Surplus price reserve	14,374,980	20,901,954
Cashflow cover reserve	18,658	18,658
Own shares	-230,345	-230,345
total	15,021,411	21,548,385

5. NOTES ON BALANCE SHEET LIABILITIES

Values expressed in Euros

14. Severance pay for employees

At 30 June 2021 the following are the details of changes to severance pay:

Severance pay for employees	30/06/2021	31/12/2020
Severance pay fund	1,366,719	1,385,902
Subtotal	1,366,719	1,385,902
Modellerie Ara consolidation	113,684	102,634
total	1,480,403	1,488,536

Severance indemnity is paid to each employee of the Group on the date of termination of the employment relationship.
In the context of the IFRS, as of 01.01.2017 following the reform, it can be assimilated to a "post-employment benefit" of the "defined contribution programme" type.

15. Fund for risks and charges

At 31 December 2021 the following are the details in the changes to the fund for risks and charges:

RISKS AND CHARGES FUND	30/06/2021	31/12/2020
Assessment risks fund	76,984	76,984
Passive derivative instruments	0	106,597

total	76,984	183,581

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

1. Short and long term financial payables

At 30 June 2021 the following are the details of changes to the short-term financial payables:

FINAMCIAL PAYABLES	current payables	Non-current payables	total
Financial payables to financial institutions	12,975,778	22,794,649	35,770,427
Leasing payables	1,801,227	2,628,720	4,429,947
Financial customer payables	0	4,772	4,772
Subtotal	14,777,005	25,428,141	40,205,146
Modelleria Ara consolidation	204,307	690,628	894,935
total	14,981,312	26,118,769	41,100,081

	Total	within	beyond 1	beyond
Rental leasing payables	4,429,947	1,801,227	1,462,471	1,166,248
Payables to financial institutions	35,770,427	12,975,778	6,570,308	16,224,341
Financial customer payables	4,772	0	4,772	0
Subtotal	40,205,146	14,777,005	8,037,552	17,390,589
Modelleria Ara consolidation	894,935	204,307	254,154	436,474
	41,100,081	14,981,312	8,291,706	17,827,063

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

The item payables to financial institutions includes derivative instruments payables referring to interest rate hedging transactions in relation to financing and exchange hedging transactions, a decision dictated by the depreciation of the US dollar.

DERIVATIVE INSTRUMENT LIABILITIES	30/06/2021
Derivative instrument liabilities	106.597
total	106.597

In regard to loans, the following information is made available:

Loan	Expiry date	rate	base	spread	covenant
Raiffeisen	10/04/2025	Var.	Euribor 6m/360	2.3	
Iccrea	01/07/2021	Var.	Euribor 3m/360	2	
Bper/Mcc	13/07/2026	Fixed		1.8	
Creval	31/12/2030	Var.	Euribor 3m/360	3	
Banco BPM	01/07/2032	Fixed		1.89	
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	
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	
Ubi	08/01/2022	Var.	Euribor 3m/360	1.6	Finanziari
Bper	18/05/2023	Var.	Euribor 3m/360	0.95	
Simest	31/12/2026	Fixed		0.074	
Mcc/Sace	31/03/2026	Var.	Euribor 3m/360	1.6	
Bps/Finlombarda	01/02/2031	Var.	Euribor 1m/360	2.5	
Cdp/Sace	31/03/2027	Fixed		0.5	Finanziari
BPER	30/09/2023	Var.	Euribor 3M/360	0.8	

BPER	15/08/2025	Fixed	1.25

During 2021, a financial loan agreement entered into in 2016 with the provision of covenants of a financial nature is in place as well as one stipulated with the provision of covenants of a financial nature.
The effects deriving from the verification of the commercial and financial ratios, which highlighted non-compliance with the financial covenants for a loan agreement as at 30/06/2021 (as well as at 31/12/2020), are shown in the table below:

Ante covenants check

Bank	Original payable	Payables at 30/06	Rate within	Rate beyond	rate
CDP	5,000,000	5,000,000	250,000	4,750,000	**0.50%**
UBI	1,000,000	118,870	118,870	0	**0.85%**
Total	6,000,000	5,118,870	368,870	4,750,000	

Post covenants check

Bank	Original payable	Payables at 30/06	Rate within	Rate beyond	rate
CDP	5,000,000	5,000,000	250,000	4,750,000	**0.50%**
UBI	1,000,000	118,870	118,870	0	**1.60%**
Total	6,000,000	5,118,870	368,870	4,750,000	

The quota of payables to be repaid has been indicated among the payables due within the financial year.
As regards the financial covenants, the following is where they were exceeded:
For the UBI loan, the application of a higher interest rate;

- UBI whose debt as of 06/30/2021 is € 118,870 whose breach of the covenant involves the application of interest. It should be noted that this covenant was also breached previously (financial years 2017, 2108 and 2019) and that the maximum contractually applicable interest rate (1.60%) is currently applied to the company.
- CDP whose debt as at 30/06/2021 is € 4,500,000 whose breach of the covenant entails a renegotiation of the contract. The first step of the covenant check will take place on 31/12/2021;

To date, the company has regularly repaid the amortization plans and the residual debt is € 4,618,870.

2. Trade payables

At 30 June 2021 the following are the details of changes to the trade payables:

TRADE PAYABLES	30/06/2021	31/12/2020
Payables versus suppliers:		
Italy/International	14,306,124	14,162,677
Subtotal	14,306,124	14,162,677

Modellerie Ara consolidation	644,714	399,035
total	14,950,838	14,561,712

At 30 June 2021 trade payables related to the amount due for supplies of capital and consumer goods, materials, services received, services and other operating costs.

3. Income tax payables

At 30 June 2021 the following are the details of the changes to income tax payables:

INCOME TAX PAYABLES	30/06/2021	31/12/2020
Ires tax account	-12,086	
Irap tax account	-60,419	
Ires tax payable	36,357	
Irap tax payable	89,419	
Subtotal	53,270	0
Modellerie Ara consolidation	-9,183	
total	44,087	0

4. Other current payables and liabilities

At 30 June 2021 the following are the details of the changes to the current payables and liabilities:

OTHER CURRENT PAYABLES AND LIABILITIES	30/06/2021	31/12/2020
Tax payables	133,736	353,196
Payables versus pension institutes	363,141	721,679
Other payables	8,817,099	8,871,504
Accrued liabilities	177,994	64,825
Deferred income	371,056	434,444
Subtotal	9,863,026	10,445,648
Modelleria Ara consolidation	237,942	307,978
total	10,100,968	10,753,626

The *tax payables* of the Parent company are detailed as follows:

TAX PAYABLES	30/06/2021	31/12/2020
Inland revenue account for employees	87,992	333,163

Inland revenue account for contractors	8,613	6,233
Other tax payables	37,131	13,800
total	133,736	353,196

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

PAYABLES VERSUS PENSION ISNTITUTES	30/06/2021	31/12/2020
Payables versus Inps	268,603	575,307
Fondo pensione Cometa	69,606	104,037
Ente Fasi	200	1,165
Fondo pensione matasalute	2,808	3,393
Generali Ina Assitalia Tfr fondo	3,832	8,200
Arca previdenza	1,201	1,620
Alleata previdenza	8,142	12,739
Posta vita	1,350	1,662
Intesa vita	1,699	4,519
Unipolsai assicurazioni	412	3,007
Reale mutua assicurazioni	366	499
Allianz	740	887
Mediulanum vita	491	670
Vittoria Assicurazioni	560	715
Fondo Prevendapi	2,826	2,954
Finanziaria familiare S.p.A.	305	305
total	363,141	721,679

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

OTHER PAYABLES	30/06/2021	31/12/2020
Accrued employee vacation / 13th month salary	2,017,569	1,479,357
Remuneration of employees	552,555	572,641
Employee expenses reimbursement	112	-76
Remuneration of directors	54,919	53,960
Remuneration of collaborators		
Labour Unions	1,810	2,434
1/5 salary transfer	4,427	8,677
Miscellaneous payables	367,814	1,646,596

Credit cards	13,025	217
Telecom payables	0	1,492
Insurance payables	558	934
Italian customers on account	1,392,450	721,719
Overseas customer accounts	4,411,860	4,383,553
total	8,817,099	8,871,504

The *accrued liabilities* and *deferred income* of the parent company are summarised as follows:

ACCRUED LIABILITIES	
Interest payable	13,528
Utilities	131,516
Consultancy	16,742
Personnel costs	14,168
Rental fee	71
Aci	71
Other accruals	1,897
Total	177,994

DEFERRED INCOME	
Iper/Super credit	419,510
Miscellaneous income	-48,454
Total	371,056

6. NOTES ON THE PROFIT AND LOSS ACCOUNT

Values expressed in Euros

1. Revenue from sales and services

At 30 June 2021, the revenue from sales and services, compared to 30 June 2020, are summarised as follows:

REVENUE FROM SALES AND SERVICES	30/06/2021	30/06/2020
Sales revenue:		
Italian revenue	9,519,525	15,128,730
EU revenue	10,308,161	5,286,980
Revenue from outside of the EU	7,177,378	6,308,663

Variances in processed, semi-finished and finished goods	0	309,504
Variances for ongoing order-based works	-222,273	-2,073,293
total	26,782,791	24,960,583

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

2. Other revenue

At 30 June 2021 the other revenue, compared to 30 June 2020, is summarised as follows:

OTHER REVENUE	30/06/2021	30/06/2020
Other revenue	429,896	247,269
Contributions	143,549	62,807
Gain for sale of shares	2,248,367	0
Contingent assets	90,642	146,654
total	2,912,454	456,730

The item other revenue mainly refers to other income in the amount of € 347,958.
The account contributions item refers mainly refers to Sabatini law contributions and Investments.
The item gains from the sale of shares refers to the sale of 51% of the shares in Alunext S.r.l..
There were no intragroup transactions to be eliminated

3. Costs for goods and services

At 30 June 2021 the costs for goods and services, compared to 30 June 2020, are summarised as follows:

COSTS FOR GOODS AND SERVICES	30/06/2021	30/06/2020
Raw materials, auxiliaries and consumables	8,426,336	8,645,171
Inventories variances	165,069	-240,062
Services	9,001,051	6,091,053
Use of third-party goods	8,630	-6,261
Contingent liabilities	98,366	242,489
total	17,699,452	14,732,390

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

4. Personnel costs

At 30 June 2021 the personnel costs, compared to 30 June 2020, are summarised as follows:

PERSONNEL COSTS	30/06/2021	30/06/2020
Salaries and wages	4,815,803	4,938,602
Social security charges	1,436,494	1,524,412
Severance pay provision	291,263	329,245
Other costs	134,320	146,568
total	6,677,881	6,938,827

The average number of employees, divided by the Group's companies, is detailed as follows:

NUMBER OF EMPLOYEES	30/06/2021	30/06/2020
Senior executives	1	1
Cadres (junior executives)	14	14
White collar workers	85	85
Blue collar workers	118	169
Apprentices	8	10
Temporary workers	2	2
total	228	281

1. Depreciation and write-downs of receivables

At 30 June 2021 the depreciation and write-down of receivables, compared to 30 June 2020, are summarised as follows:

DEPRECIATION AND WITE-DOWNS OF RECEIVABLES	30/06/2021	30/06/2020
Depreciation of intangible assets	282,562	289,894
Depreciation of tangible assets	1,342,450	1,492,223
Other write-downs of fixed assets	0	0
Bad debt	0	0
total	1,625,012	1,782,117

We refer to the comments on the corresponding asset items.

2. Other costs and charges

At 30 June 2021 the other costs and charges, compared to 30 June 2020, are summarised as follows:

OTHER COSTS AND CHARGES	30/06/2021	30/06/2020
Miscellaneous operating costs	170,912	171,246
total	170,912	171,246

The other operating expenses item mainly relates to capital losses in the amount of € 43,354 and IMU and Tasi municipal taxes in the amount of € 65,555.

3. Financial income and charges and write-downs of financial assets

At 30 June 2021, the financial income and charges, as well as write-downs of financial assets, compared to 30 June 2020 are summarised as follows:

FINANCIAL INCOME AND CHARGES	30/06/2021	30/06/2020
Interest payable on leasing	39,856	32,430
Losses on exchange rates	78,053	2,489
Gains on exchange rates	-86,026	-5,419
Financial costs versus others	484,024	337,790
Financial income	-146	-638
Financial assets write-downs (for derivatives)	0	0
total	515,761	366,652

The item Financial charges versus others includes interest accrued during the year from credit institutions for the use of credit lines and loans.

The item Extraordinary income and charges includes extraordinary consultancy costs in relation to the establishment and transfer of the company Alunext and the spin-off of the real estate sector.

EXTRAORDINARY INOCME AND CHARGES	30/06/2021	30/06/2020

R&S tax credit	113,377	0
Extraordinary operating consultancy	-88,727	
total	24,650	0

4. Taxes

At 30 June 2021 the taxes, compared to 30 June 2020, are summarised as follows:

TAXES	30/06/2021	30/06/2020
Current taxes	131,508	174,652
Deferred tax assets	197,751	254,751
Deferred tax liabilities	-139,030	-161,901
total	190,229	267,502

OTHER INFORMATION

5. Payables assisted by real guarantees

The Group did not grant any voluntary mortgages

6. Profit per share

Earnings per share is calculated by dividing the result attributable to the shareholders of the Parent Company by the weighted average number of ordinary shares issued, excluding any acquired treasury shares from this calculation.

Description	30/06/2021
Profit due to shareholders Of the Parent Company in Euro units	2,840,650
Weighted average number of shares	42,605,447
Profit per basic share in hundredths of €	0.067

The diluted earnings per share in this case coincides with the basic earnings per share.

7. Subsequent events

There are no significant subsequent events to report.

Sirone, 29 September 2021

For the Board of Directors
The Chairman
Marco Corti

COSTAMP GROUP S.P.A.

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

Share capital 2.130.272 fully paid up

Tax Code and VAT number 01763310354

CONSOLIDATED BALANCE SHEET AT 30/06/2021

CONSOLIDATED FINANCIAL POSITION STATEMENT

	Note	30/06/2021	31/12/2020
Assets			
Non-current assets			
Real estate, plant and machinery	1	21.235.266	39.888.954
Intangible fixed assets	2	9.749.925	9.974.118
Real estate investments	3	0	2.136.829
Shareholdings	4	2.680.345	506.570
Long-term financial assets	5	280.000	80.000
Tax assets paid in advance	6	339.456	806.412
Other non-current assets	4	3.740	3.740
Total non-current assets		**34.288.732**	**53.396.623**
Current assets			
Inventories	7	16.171.369	17.494.358
Trade receivables	8	15.053.833	13.990.934
Receivables for income taxes	9	0	16.854
Other receivables and current assets	10	2.190.454	2.572.107
Short-term financial assets	11	2.672	2.672
Cash availability	12	21.978.010	10.717.388
Total current assets		**55.396.337**	**44.794.313**
Non-current assets held for sale	**13**	**0**	**0**
Total assets		**89.685.069**	**98.190.936**
Net equity and liabilities			
Net worth			
Share capital		2.130.272	2.130.272
Other provisions		13.642.930	20.868.295
Profit brought forward		1.378.481	680.091
Financialyear profit		2.840.650	775.454
Net worth		**19.992.333**	**24.454.112**
Liabilities			
Non-current liabilities			
Employee benefits	14	1.480.403	1.488.536
Long-term financial liabilities	15	76.984	183.581
Long term financail liabilities	16	26.118.769	28.353.234
Deferred tax liabilities	6	1.939.375	3.869.402
Total non-current liabilities		**29.615.531**	**33.894.753**
Current liabilities			
Trade payables	17	14.950.838	14.561.712
Income tax payables	18	44.087	0
Other current payables and liabilities	19	10.100.968	10.753.626
Short-term financial liabilities	15	14.981.312	14.526.733
Total current liabilities		**40.077.205**	**39.842.071**
Total net worth and liabilities		**89.685.069**	**98.190.936**

CONSOLIDATO BALANCE SHEET AT 30/06/2021

PROFIT AND LOSS ACCOUNT

	Note	30/06/2021	30/06/2020
Revenues from sales and services	1	26.782.791	24.960.583
Other revenue	2	2.912.454	456.730
Total operating revenue		**29.695.244**	**25.417.313**
Costs for goods and services	3	-17.699.452	-14.732.390
Cost of labour	4	-6.677.881	-6.938.827
Depreciation and write-downs	5	-1.625.012	-1.782.117
Net reinstatement/write-down of receivables		0	0
Other costs and charges	6	-170.912	-171.246
Total operating costs		**-26.173.256**	**-23.624.579**
Operating profit		**3.521.989**	**1.792.734**
Financial charges	7	-515.907	-367.290
Financial income	7	146	638
Net reinstatement/write-down of equity investments	7	0	0
Extraordinary income and costs	7	24.650	0
Taxes for the financial year	8	-190.229	-267.502
Profit (loss) for the year		**2.840.650**	**1.158.580**

OVERALL CONSOLIDATED PROFIT AND LOSS ACCOUNT		
	30/06/2021	30/06/2020
Profit (loss) for the financial year	2.840.650	1.158.580
Items not to be reclassified in the Profit/Loss statement for the financial year	0	0
Actuarial profit/(loss) from end of service severenace pay	0	0
Taxes on items brought directly to, or transferred from the net worth	0	0
Total other components of comprehensive income	**2.840.650**	**1.158.580**
TOTAL COMPREHENSIVE INCOME STATEMENT FOR THE FINANCIAL YEAR	**2.840.650**	**1.158.580**

STATEMENT OF CHANGES IN CONSOLIDATED NET WORTH

Total Net Worth	**capitale sociale**	**altre riserve**	**risultati**	**totale**
Balance at 31 December 2020	2.130.272	20.630.942	1.692.898	24.454.112
Assignment of profit/(losses) from the previous financial year		1.692.898	-1.692.898	0
Assgment of PN Extraordinary Transactions		-7.302.429	0	-7.302.429
Total profit and loss account		0	2.840.650	2.840.650
Dividends		0	0	0
* change in IAS 19 provision		0	0	0
Balance at 30/06/2021	**2.130.272**	**15.021.411**	**2.840.650**	**19.992.333**

* lthe item includes the acturail profit or loss of the employee severance indemnity

FINANCIAL STATEMENT	**30/06/2021**	**30/06/2020**
Pre-tax profit	**3.031**	**1.426**
Adjustments for:		
Depreciation of:		
- intangible asets	283	290
- tangible assets	1.342	1.492
Devaluations/(Recoveries)		
Allocation to risks and charges funds		
Financial (Income)/charges	516	367
(Gains)/Losses and other non-monetary items	29	-2

Cash flow from operating activities before changes in net working capital		
Increase/(Decrease) benefits for employees	-70	-300
(Increase)/Decrease in inventories	386	1.524
(Increase)/Decrease in trade receivables	-1.063	-651
(Increase)/Decrease in other assets/liabilities and assets/liabilities for prepaid/deferred taxes	83	-2.328
Increase/(Decrease) in trade payables	389	-2.769
Dividends collected		
Interest income and other financial revenue received		1
Interest payable and other financial charges paid	-516	-368
Use of provisions for risks and charges and bad debt provision		
Taxes paid		-9
Cash flows from operating activities (a)	**4.410**	**-1.327**
Net investments in intangible assets	-174	-449
Net investments in tangible assets	-827	-2.219
Net costamp integration operation fund		
Net investments in shares		
(Increase)/Decrease in other investment activities	2.042	
Cash flows from investing/disinvesting activities (b)	**1.041**	**-2.668**
Increase in financial liabilities	8.000	7.725
Financial payables repayments and other net changes)	-2.190	2.520
Payments on capital accounts and contribution		
Dividends paid		
Cash flow from financing activities (c)	**5.810**	**10.245**
Effect of changes in exchange rates on cash and cash equivalents (d)		
Increase/(decrease) in cash and cash equivalents (a + b + c + d)	11.261	6.250
Cash and cash equivalents at the beginning of the financial year	**10.717**	**6.522**
Cash and cash equivalents at the end of the financial year	**21.978**	**12.772**

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 CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2021

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).

The publication of these condensed consolidated interim financial statements at 30 June 2021 was authorised by the Board of Directors on 29 September 2021.

1. GENERAL INFORMATION

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

2. SCOPE OF CONSOLIDATION

At 30 June 2021 the following is the Group's scope of consolidation:

3. FORMAT AND CONTENT OF THE CONSOLIDATED BALANCE SHEET

The abbreviated half-year consolidated balance sheet at 30 June 2021 was drafted in accordance with IAS 34, concerning interim financial reporting. IAS34 allows the drafting of financial statements in "abbreviated" format, that is on the basis of a minimum level of information significantly lower than that required by the International Financial Reporting Standards issued by the International Accounting Standards Board adopted by the European Union (IFRS), where a full disclosure statement drafted on the basis of IFRS was previously made available to the public.

With regard to the presentation methods, note that:

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

Note that the drafting of the condensed interim consolidated financial statements requires the Directors to make estimates and assumptions that have an effect on the values of revenues, costs, assets and liabilities in the financial statements and on the information relating to potential liabilities at the date of the condensed interim consolidated financial statements. Should these estimates and assumptions, which are based on the best evaluation by the Directors, should differ from the actual circumstances in the future, they will be modified appropriately in the period in which the circumstances change.

Note also that some valuation processes, in particular the more complex ones such as the calculation of any permanent losses in value of non-current assets, are generally performed in a complete manner only for the drafting of the annual financial statements, when all the information is available, except in cases where there are impairment indicators that require an immediate assessment of any impairment losses; in this case, in the first half of 2021, no impairment indicators were identified that require the activation of the test also for the condensed consolidated half-year financial statements.

The balance sheet and profit and loss account and financial report, the cash flow statement and the statement of changes in the consolidated shareholders' equity accounts are shown in Euros (which is the currency the Costamp Group uses) and the amounts have been shown in thousands of Euros unless otherwise indicated.
The consolidated financial statements of the Group include the equity, economic and financial situation of the Parent Company, Costamp Group S.p.A., and of the Italian and foreign operating companies over which the Parent Company directly or indirectly has control, namely Modelleria Ara S.r.l. With reference to the subsidiary PiQ 2 S.r.l., considering the irrelevance and the characteristic business of the same, that is different from that of the Group, the same was not consolidated.

In the condensed consolidated interim financial statements, the economic data and the cash flow statement for the half year were compared with those of the same half of the previous period. The net financial position and the items of the consolidated balance sheet and financial position as at 30 June 2021 are compared with the corresponding final data at 31 December 2020.

With reference to IAS 1, the directors confirm that, in consideration of the economic prospects, capitalization and financial position of the Group and considering the large unused credit lines available to date, the same operates as a going concern and the condensed consolidated half-year financial statements were drafted using the accounting standards of a group in operation, as described in more detail in the Interim Report.

4. CONSOLIDATION STANDARDS

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

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

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

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

The consolidation principles can be summarised as follows:

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

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

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

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

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

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

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

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

(iii) dividends distributed by the shareholder;

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

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

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

Dividends, revaluations, write-downs and losses on investments in companies included in the consolidation area, as well as capital gains, capital losses from intra-group disposals of investments in companies included in the consolidation area have been eliminated.
Gains and losses arising from transactions between companies included in the consolidation area, which are not realised directly or indirectly through transactions with third parties, have been eliminated on the basis of the share quota.

Aggregation of Companies

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

1. SUMMARY OF ADOPTED ACCOUNTING STANDARDS AND VALUATION CRITERIA

Accounting standards

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

Accounting standards, amendments and interpretations applied from 1 January 2021

Starting from 2021, the Group has applied the following new accounting standards, amendments and interpretations, revised by the IASB:

• On 28 May 2020, the IASB published an amendment called "Covid-19 Related Rent Concessions (Amendment to IFRS 16)". The document gives tenants the right to account for the reduction in rent connected to Covid-19 without having to assess, through the analysis of the contracts, whether the definition of lease modification of IFRS 16 is complied with. Therefore, tenants who apply this right will be able to record the effects of the reductions in rent directly in the income statement on the effective date of the reduction. This amendment applies to financial statements starting on 1 June 2020. The adoption of this amendment did not have any effects on the Group's financial statements.

• On 28 May 2020, the IASB published an amendment called "Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)". The amendments make it possible to extend the temporary exemption from the IFRS 9 application until 1 January 2023 for insurance companies. The adoption of this amendment did not have any effects on the Group's financial statements.

• On 27 August 2020, the IASB published, in light of the reform on interbank interest rates such as the IBOR, the document "Interest Rate Benchmark Reform — Phase 2" which contains amendments to the following standards: - IFRS 9 Financial Instruments; - IAS 39 Financial Instruments: Recognition and Measurement; - IFRS 7 Financial Instruments: Disclosures; - IFRS 4 Insurance Contracts; and - IFRS 16 Leases. All the changes entered into force on 1 January 2021. The adoption of this amendment did not have any effects on the Group's financial statements.

IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union, not yet mandatory and not adopted in advance by the Group at 30 June 2021

On 14 May 2020, the IASB published the following amendments entitled: • Amendments to IFRS 3 Business Combinations: the amendments aim to update the reference in IFRS 3 to the Conceptual Framework in the revised version, without these entailing changes to the standard's provisions.

• Amendments to IAS 16 Property, Plant and Equipment: the amendments are intended not to allow the amount received from the sale of goods produced in the test phase of the activity to be deducted from the cost of tangible assets. These sales revenues and related costs will therefore be entered in the income statement.

• Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: this amendment clarifies that in the estimate of the possible cost of a contract, all costs directly attributable to the contract must be considered. Consequently, the evaluation of the possible cost of a contract includes not only the incremental costs (for example, the cost of the direct material used during processing), but also all the costs that the company cannot avoid since it has stipulated the contract (for example, the share of depreciation of the machinery used for the fulfilment of the contract).

• Annual Improvements 2018-2020: the changes were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

All the changes will come into force on 1 January 2022. At the moment the directors are evaluating the possible effects of the introduction of these amendments on the Group's consolidated financial statements.

IFRS accounting standards, amendments and interpretations not yet approved by the European Union

At the reference date of this document, the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the amendments and standards described below.

1) On 18 May 2017, the IASB published IFRS 17 - Insurance Contracts, which is intended to replace IFRS 4 - Insurance Contracts. The objective of the new standard is to ensure that entities provide relevant information that faithfully represents the rights and obligations derived from issued insurance contracts. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies by providing a single standard-based framework to account for all types of insurance contracts, including reinsurance contracts. The new standard also provides for presentation and disclosure requirements to improve comparability between entities belonging to this sector. The new standard measures an insurance contract based on a General Model or a simplified version of this, called the Premium Allocation Approach ("PAA"). The following are the main features of the General Model:

• the estimates and assumptions of future cash flows are always current ones;

• the measurement reflects the time value of money;

• the estimates envisage an extensive use of information observable on the market;

• there is a current and express measurement of risk;

• the expected profit is deferred and aggregated into groups of insurance contracts at the time of initial entering into the accounts; And,

• the expected profit is entered in the contractual coverage period, considering the adjustments derived from changes in the assumptions relating to the cash flows relating to each group of contracts.

The PAA approach provides for the measurement of liability for the residual coverage of a group of insurance contracts provided that, at the time of initial entering into the accounts, the entity expects that this liability reasonably represents an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications resulting from the application of the PAA method do not apply to the valuation of liabilities for outstanding claims, which are measured with the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance to be paid or collected will take place within one year of the date on which the claim occurred. The entity shall apply the new standard to insurance contracts issued, including reinsurance contracts, to reinsurance contracts held and also to investment contracts with a discretionary participation characteristic (DPF). The standard applies from 1 January 2023 but early application is allowed, only for entities that apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers.

2) On 23 January 2020, the IASB published an amendment called “Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current”. The document aims to clarify how to classify debts and other short or long-term liabilities. The changes come into effect from 1 January 2023; early application is, however, allowed.
3) On 12 February 2021, the IASB published two amendments called "Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates - Amendments to IAS 8". These amendments are aimed at improving disclosure on accounting policies to provide more useful information to investors and other primary users of the financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies. The changes will apply from 1 January 2023, but early application is allowed.
4) On 31 March 2021, the IASB published an amendment called "Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)" which extends the application period of the amendment to the IFRS 16 by one year, issued in 2020, relating to the accounting of the concessions granted, due to Covid-19, to tenants. The changes will apply from 1 April 2021. Early adoption is allowed.
5) On 7 May 2021, the IASB published an amendment called "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The document clarifies how deferred taxes on certain transactions that can generate assets and liabilities of the same amount, such as leasing and dismantling obligations, must be entered in the accounts. The changes will apply from 1 January 2023, but early application is allowed. At the moment, the directors are evaluating the possible effects of the introduction of this amendment on the Group's consolidated financial statements.
6) On 30 January 2014, the IASB published IFRS 14 - Regulatory Deferral Accounts, which allows only those who adopt IFRS for the first time to continue to enter the amounts relating to activities subject to regulated tariffs ("Rate Regulation Activities") According to the previous accounting standards adopted. Since the Group is not a first-time adopter, this standard is not applicable.

2. EXTRAORDINARY TRANSACTIONS

Alunext S.r.l.

On December 18, 2020, the company Alunext S.r.l. was established, 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 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 showing the assets and liabilities subject to the transfer transaction:

CONFERMENT	Assets	Liabilities
Industrial buildings	50,440	
Plant and machinery	4,249,388	
Equipment	101,812	
Mobile office equipment	16,564	
Electronic machinery	10,551	
Trucks	43,519	
Cars	17,593	
Light constructions	240,301	
Bridge crane	76,884	
Multi-year costs	2,064	
Lease assets improvements	118,209	
Inventories	937,080	
Other receivables and current assets	6,806	
Pre=paid taxes fund	224	
Financial payables		681,400
Payables versus employees		173,246
Other current liabilities		11,527
Employee severance indemnity		21,739
Deferred taxes fund		568,753

Costamp Real Estate S.p.A.

Costamp Real Estate S.p.A. was established on <> through the proportional partial demerger of Costamp Group S.p.A., 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 book equity was reduced by 7,313,069 Euros, entirely from 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 refer to the financial liabilities connected to the real estate complex and to the Deferred taxes amounted to 10,296,137 Euros.

The tables below show the assets and liabilities the spin-off concerned:

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

3. NOTE ON BALANCE SHEET ASSETS

Values expressed in Euros

FIXED ASSETS

1. Tangible fixed assets

At 30 June 2021 the following are the details of changes to the real estate, plant and machinery item:

TANGIBLE FIXED ASSETS		value 31/12/2020	increases	decreases	Provision	Demerger	value 30/06/2021
Industrial buildings	cost	19,002,570	2,252,335	0	-344,183	-16,639,089	4,271,634
	depr. fund	-2,538,841	-324,057	0	53,441	1,970,106	-839,350
	net value	16,463,730	1,928,278	0	-290,741	-14,668,983	3,432,284

Plant and machinery	cost	30,827,240	138,050	-242,000	-6,095,452	-1,211,350	23,416,488
	depr. fund	-10,056,558	-696,368	35,177	1,763,987	665,234	-8,288,528
	net value	20,770,682	-558,318	-206,823	-4,331,465	-546,116	15,127,961
Industrial equipment	cost	2,888,848	85,626	0	-356,346		2,618,128
	depr. fund	-2,156,325	-108,458	0	254,534		-2,010,249
	net value	732,523	-22,832	0	-101,812	0	607,879
Other goods:							
Mobile office equipment	cost	667,623	12,180	0	-30,094		649,709
	depr. fund	-393,870	-25,371	0	13,530		-405,711
	net value	273,754	-13,191	0	-16,564	0	243,998
Electronic office machines	cost	1,660,075	27,200	0	-20,547		1,666,728
	depr. fund	-1,240,286	-48,514	0	9,996		-1,278,804
	net value	419,789	-21,314	0	-10,551	0	387,924
Trucks	cost	472,534	1,740	-9,684	-116,415		348,175
	depr. fund	-320,588	-14,250	9,684	72,896		-252,259
	net value	151,946	-12,510	0	-43,519	0	95,916
Cars	cost	1,070,630	13,592	-69,325	-37,968		976,929
	depr. fund	-623,252	-122,559	60,260	20,375		-665,176
	net value	447,378	-108,967	-9,065	-17,593	0	311,753
Cell phones	cost	35,249		0	0	0	35,249
	depr. fund	-27,360	-2,873				-30,234
	net value	7,888	-2,873	0	0	0	5,015
Full deduction goods	cost	58,867	0	0			58,867
	depr. fund	-58,867	0	0			-58,867
	net value	0	0	0	0	0	0
Current fixed assets	cost	621,265	426,540	-25,269			1,022,536
	depr. fund	0					0
	net value	621,265	426,540	-25,269	0	0	1,022,536
total	cost	57,304,901	2,957,263	-346,278	-7,001,004	-17,850,439	35,064,444
	depr. fund	-17,415,946	-1,342,451	105,121	2,188,758	2,635,340	-13,829,178
	net value	39,888,955	1,614,813	-241,157	-4,812,246	-15,215,099	21,235,266

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.

It should be noted that the transferred values are indicated in the "contribution" and "spin-off" columns, as better indicated and explained in the "extraordinary transactions" section on page 9 of these Explanatory Notes and in the Interim 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 standard IAS 17/IFRIC 4):

LEASING			
company	no.	asset	asset value
CREDEM	SI 176796	MIKRON HPM800	445,000
CREDEM	SI 181872	MAS MCV 1270	165,000
PORSCHE FIN.	58597	PORSCHE 918	75,156
FIGESTIM	150465	PRESSA PROVA STAMPI	465,000
ALBA LEASING	1078735	MIKRON HPM1850	655,000
CREDEMLEASING	AA 198672	BMW X1	32,496
SARDALEASING	S3/166064	CARROPONTE	200,000
SARDALEASING	S2/166758	MIKROFORATRICE CR800	79,000
CREDEM	SI195582	MAS MCV 1270	165,000
SG LEASING	SS372725	MIKRON	670,000
UNICREDIT	LS1674035	INGERSOLL GANTRY	415,000
CREDEM	SI195585	MAZAK	222,000
UNICREDIT	AS/1694908	PORSCHE MACAN	66,159
UNICREDIT	LS1681632	CARROPONTE	150,000
CREDEM	201236	ALESATRICE CASTEL	120,000
UNICREDIT	LS1683058	RETTIFICHE	115,000
BANCA PRIVATA	131855	IMMOBILE CORREGGIO	2,026,867
SARDALEASING	S2/176493	DMU 95	350,000
VOLKSWAGEN FINANCIAL	L. 10184167	AUDI Q5	64,000
CREDEM	L. 208247	CANNON ERGOS	630,000
ALBA LEASING	L. 1156147	MAZAK	213,000

With regard to the item "Fixed assets in progress", these are advances paid to suppliers for machinery that will be delivered during 2021, detailed in the table below:

	Asset value
Progettazione Imm. R&S	46,421
Pressa LPF	783,086
Moldmak cnc	193,029

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

2. Intangible fixed assets

At 30 June 2021 the following are the details of the changes to the "Intangible fixed assets" item:

INTANGIBLE FIXED ASSETS		value 31/12/2020	increases	decreases	Provision	Demerger	value 30/06/2021
Research and development costs	cost	1,488,236	128,045	0	0		1,616,281
	depr. fund	-36,512	-1,962	0	0	0	-38,474
	net value	1,451,724	126,083	0	0	0	1,577,807
Trademark licensing costs	cost	1,782,489	29,004	0	-14,321	0	1,797,171
	depr. fund	-1,397,850	-89,707	0	14,321	0	-1,473,236
	net value	384,639	-60,703	0	0	0	323,935
Start-up	cost	5,557,229	0	0	0	0	5,557,229
	depr. fund	-209,546	0	0	0	0	-209,546
	net value	5,347,683	0	0	0	0	5,347,683
Other intangible fixed assets	cost	3,746,784	14,000	0	-2,065	0	3,758,719
	depr. fund	-1,115,657	-184,809	0	1	0	-1,300,466
	net value	2,631,127	-170,809	0	-2,064	0	2,458,253
Leased assets improvements	cost	244,190	0	0	-185,210	0	58,980
	depr. fund	-97,844	-6,084	0	72,194	0	-31,734
	net value	146,346	-6,084	0	-113,016	0	27,246
fixed assets in progress	cost	12,600	15,000	-12,600	0	0	15,000

	depr. fund	0	0	0	0	0	0
	net value	12,600	15,000	-12,600	0	0	15,000
total	cost	12,831,528	186,049	-12,600	-201,596	0	12,803,381
	depr. fund	-2,857,410	-282,562	0	86,515	0	-3,053,456
	net value	9,974,118	-96,513	-12,600	-115,081	0	9,749,925

Note that the transferred values are indicated in the "conferment" and "spin-off" columns, as better indicated and explained in the paragraph "extraordinary transactions" on page 9 of these Explanatory Notes and in the Interim Report.

In relation to goodwill, the company carried out a check on any lasting loss in value of goodwill without finding any impairment indicators.

3. Real estate investments

At 30 June 2021 the changes in real estate investments are detailed as follows:

REAL ESTATE INVESTMENTS		value 31/12/2020	increases	decreases	Provision	Demerger	value 30/06/2021
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

In relation to the real estate investment for the property located in Cornate d'Adda (MB) Via Primo Stucchi, note that the transferred values are indicated in the "conferment" and "spin-off" columns, as explained in more detail in the "extraordinary transactions" section on page 9 of these explanatory notes and in the Interim Report.

4. Investments in subsidiaries (not consolidated) and associates

At 30 June 2021, the changes related to investments in subsidiaries and associates can be detailed as follows:

SHAREHOLDINGS 30/06/2021	value 01/01/2021	increases	decreases	financial capitalizations	value 30/06/2021
Shares in subsidiaries					
PiQ2 S.r.l.	91,890	0	0	0	91,890
Shares in affiliates					
Pama S.r.l.	404,680	0	0	0	404,680
JV brambilla India	0	0	0	0	0

Alunext S.r.l.	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	506,570	4,425,408	-2,251,633	0	2,680,345
Other shareholdings					
Other shareholdings	3,740	0	0	0	3,740
total	3,740	0	0	0	3,740

Note that although PiQ2 is a subsidiary, it has not been consolidated due to the lack of homogeneity of operating activities and the irrelevance of the economic and equity values.
The breakdown of the item Investments in subsidiaries and associates represents the value of the shares held and is as follows:

- Pama S.r.l. holding equal to 49% of the share capital. Shareholding value equal to € 404,680;
- JV Brambilla India with 50% of the share capital. Shareholding value equal to € 0;
- PiQ2 S.r.l. holding equal to 72.6% of the share capital. Shareholding value equal to € 91,890;
- Alunext S.r.l. holding equal to 49% of the share capital. Shareholding value equal to € 2,173,137;
- Real Estate holding equal to 0.13% of the share capital. Shareholding value equal to € 10,638;

Pama S.r.l.
The company carries out a light carpentry activity and is affiliated since the shareholding is 49%.

JV Brambilla India
In 2015, a 50% JV was established with Continental Engines, a primary Indian foundry 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 precaution, the book value of the investment of € 9,769.79 has been fully written down in previous periods.

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

Alunext S.r.l.
Alunext S.r.l. was established in 2020, as described in more detail in the "extraordinary transactions" section on page 9 of these Explanatory Notes and in the Interim Report, on 19 January 29, 51% of the equity investment was sold.

Costamp Real Estate S.p.A.

Costamp Real Estate S.p.A. was established in 2021, as described in more detail in the "extraordinary transactions" section on page 9 of these explanatory notes and in the Interim Report, through a proportional partial demerger transaction on 16 June 2021.

5. Long term financial assets

At 30 June 2021 the following are the changes to long term financial assets:

FINANCIAL ASSETS AT 30/06/201	current assets	non-current assets	total
non-interest bearing loans	0	280,000	280,000
total	0	280,000	280,000

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

a) Non-interest bearing loans refer to a disbursement in favour of the unconsolidated subsidiary PiQ2 equal to € 80.00, which as contractually envisaged, PiQ2 will reimburse following the repayment of the third-party loans and to the associated company Alunext S.r.l. equal to € 200,000.

6. Deferred tax assets and deferred tax liabilities

Deferred taxes are set aside on the temporary differences, subject to prepaid or deferred taxation, between the value of assets and liabilities for statutory purposes and their value for tax purposes.
Note that the rate used for the calculation of deferred taxes is equal to the nominal IRES rate of 24%, increased where applicable, by the IRAP rate (3.9%).
Prepaid taxes are set aside where their future recovery is probable.
As of 30 June 2021 and 31 December 2020, deferred tax assets and deferred tax liabilities are detailed as follows:

Pre-paid taxes assets	30/06/2021	Ires 24%	Irap 3.90%
Extraordinary transaction costs	114,040	27,370	4,447
Employee severance indemnity	103,522	24,845	0

Rentals	65,307	15,674	2,547
Rol Quota etc.	20,512	4,923	0
Bad debt	565,182	135,644	0
Losses on exchange rates	58,242	13,978	0
Tax assessment 12/13	3,190	766	124
Tax losses	87,134	20,912	0
Derivative instrument liabilities	106,597	25,583	0
MA pre-paid taxes	224,527	53,886	8,757
Total	1,348,253	323,581	15,875

Pre-paid taxes assets	31/12/2020	Ires 24%	Irap 3.90%
Extraordinary operation costs	152,053	36,493	5,930
Buildings	113,479	27,235	4,426
Deferred income	445,375	106,876	17,367
Severance indemnity	103,522	24,845	0
Rentals	85,081	20,420	3,318
Depreciation of building rev.	82,846	19,883	3,231
Rol Quota etc.	20,513	4,923	0
Credit losses	565,182	135,644	0
Losses on exchange rates	58,242	13,978	0
Tax assessment 12/13	3,190	766	124
Tax losses	1,098,383	263,612	0
Derivative instrument liabilities	263,612	25,583	0
MA pre-paid taxes	328,885	78,932	12,827
Total	3,320,361	759,189	47,223

Liabilities for deferred taxes	30/06/2021	Ires 24%	Irap 3,90%
Leasing	1,035,515	248,524	40,386
Machinery	3,205,250	769,256	125,007
Intangible fixed assets contracts	2,431,986	583,677	94,847
Cranes	38,502	9,241	1,502
Brad names	81,375	19,530	3,173
Revaluation of Pama S.r.l.	53,154	12,757	0
Derivative instrument assets	131,147	31,475	0

Total	6,976,929	1,674,460	264,915

Liabilities for deferred taxes	31/12/2020	Ires 24%	Irap 3.90%
Leasing	4,638,394	1,113,213	180,898
Machinery	3,849,558	923,889	150,135
Immaterial contracts	2,612,830	627,079	101,900
Profit on exchange rates	25,260	6,062	0
Buildings	190,715	45,772	7,438
Cranes	85,959	20,630	3,352
Buildings Law 185	2,227,982	534,716	86,892
Brand names	83,124	19,950	3,242
Revaluation of Pama S.r.l.	53,154	12,757	0
Derived instrument assets	131,147	31,475	0
Total	13,898,123	3,335,544	533,858

7. Inventories

At 30 June 2021, the composition of the inventories was as follows:

INVENTORIES	30/06/2021	31/12/2020
Work in progress	14,229,783	14,533,500
Raw materials, auxiliaries and consumables	1,774,900	2,350,545
Finished products and goods	108,000	659,075
Obsolescence fund	-108,000	-108,000
Subtotal	16,004,683	17,435,120
Modellerie Ara consolidation	166,686	59,238
total	16,171,369	17,494,358

The item "*Raw, ancillary and consumable materials*" mainly includes the material necessary for the business activity carried out by the Company, valued using the weighted average cost criterion.

The item "*Work in progress*" represents the assets subjected to the transformation process but not yet completed at the closing date of the financial year, valued on the basis of the direct cost actually incurred at the closing date of the financial year.

The item "*Finished products and goods*" includes stocks of goods intended for sale, on which a bad debt provision of € 108,000 has been calculated, unchanged from the previous year.

As of 30 June 2021, no assets in stock were pledged as collateral for loans or other transactions outstanding at that date.

The following are the changes in the obsolescence fund:

OBSOLESCENCE FUND	value 31/12/2020	merger value	increases	decreases	value 30/06/2021
Inventories obsolescence fund	108,000	0	0	0	108,000
total	108,000	0	0	0	108,000

8. Trade receivables

At 30 June 2021 the following are the details of the changes to trade receivables:

TRADE RECEIVABLES	30/06/2021	31/12/2020
Receivables versus customers	15,494,126	14,984,963
Credit wite-downs fund	-1,448,250	-1,448,250
Subtotal	14,045,876	13,536,713
Modellerie Ara consolidation	1,007,957	454,221
total	15,053,833	13,990,934

Receivables from customers amount to € 16,523,028 gross of the bad debts fund of € 1,469,195 (a fund which is considered adequate to face the risks of insolvency), of which € 20,945 is included in the Modelleria Ara consolidation item.

The bad debts fund refers to items that could be uncollectible, as well as to late payments and substandard loans. The following changes are reported:

RECEIVABLES WRITE-DOWNS FUND	value 31/12/2020	increases	decreases	value 30/06/2021
Receivables write-downs fund	1,469,195	0	0	1,469,195
total	1,469,195	0	0	1,469,195

The bad debt fund refers to items that could be uncollectible, as well as to late payments and substandard loans.

There are no positions in non-EU currencies.

9. Credit for current taxes

At 30 June 2021 the following are the details of the changes to current tax credit:

INCOME TAX CREDIT	30/06/2021	31/12/2020
Inland revenue Ires account	0	51,980
Inland revenue Irap account	0	171,661
Ires tax liability	0	-41,774
Irap tax liability	0	-158,219
Subtotal	0	23,648
Modelleria Ara consolidation	0	-6,794
total	0	16,854

10. other receivables and current assets

At 30 June 2021 the following are the details of the changes to other credit and current assets:

OTHER RECEIVABLES AND CURRENT ASSETS	30/06/2021	31/12/2020
VAT account receivable	0	578
Miscellaneous tax credit	484,323	14,926
Other current receivables	958,831	1,838,389
Accrued income	4,484	2,698
Deferred income	742,816	715,515
total	2,190,454	2,572,107

The following are the main items that make up the item "other current receivables":

- Advances to suppliers for € 334,205;
- Other receivables from Co.Stamp S.r.l. for € 416,418.

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

FINANCIAL ASSETS THAT ARE NOT FIXED ASSETS	30/06/2021	31/12/2020
Financial instruments derived assets	136,695	136,695
total	136,695	136,695

As at 30 June 2021, there were no write-downs on receivables included in the item Other receivables and current assets.

Prepayments are detailed as follows:

DEFERRALS	
Miscellaneous personnel costs	151,986
Consultancy	162,592
Costs for preliminary investigations	88,522
Tax	67,932
Insurance	109,555
Maintenance fees	132,372
Maintenance	1,762
Aci	2,741
Rental fee	5,132
Utilities	933
Interest payable	4,319
Patents	80
Other deferrals	176
Miscellaneous charges	14,714
Total	742,816

The accrued income is detailed as follows:

ACCRUED INCOME	
Other accrued income	241
Interest	4,243
Total	4,484

11. Short-term financial assets

As of 30 June 2021 the amount of short-term financial assets amounted to € 2,672, as a result of the consolidation of the subsidiary Modelleria Ara S.r.l., referring to unlisted third-party shares.

12. Cash and cash equivalents

At 30 June 2021 the following are the cash and cash equivalents:

CASH AND CASH EQUIVALENTS	30/06/2021	31/12/2020
Bank deposits	21,641,890	10,359,343
Cash on hand	3,568	4,029
Subtotal	21,645,458	10,363,372
Modelleria Ara consolidation	332,552	354,016
total	21,978,010	10,717,388

At 30 June 2021 the credit lines, granted by the banking system, available to the Group amounted to € 22,850,000 (self-liquidating), € 20,000,000 (factoring), € 1,585,000 (cash) and were not burdened by any collateral.

As of 30 June 2021, the uses were composed as follows:

- € 5,809,290 for self-liquidating lines
- € 17,140,111 for factoring lines

13. Non-current assets held for sale

At 30 June 2021 there are no non-current assets held for sale.

4. NOTES ON THE NET WORTH

1. Share capital

At 30 June 2021 the share capital of the company is equal to € 2,130,272, consisting of no. 42,605,447 ordinary shares with no par value.

2. Dividends

The group did not distribute any dividends during the period.

3. Other reserves

At 30 June 2021 the other reserves are detailed as follows:

OTHER RESERVES	30/06/2021	31/12/2020
Legal reserves	65,960	65,960
Extraordinary reserves	120,562	120,562
Reserves for revaluation of buildings	1,060,124	1,060,124
IAS reserve	-388,528	-388,528
Surplus price reserve	14,374,980	20,901,954
Cashflow cover reserve	18,658	18,658
Own shares	-230,345	-230,345
total	15,021,411	21,548,385

5. NOTES ON BALANCE SHEET LIABILITIES

Values expressed in Euros

14. Severance pay for employees

At 30 June 2021 the following are the details of changes to severance pay:

Severance pay for employees	30/06/2021	31/12/2020
Severance pay fund	1,366,719	1,385,902
Subtotal	1,366,719	1,385,902
Modellerie Ara consolidation	113,684	102,634
total	1,480,403	1,488,536

Severance indemnity is paid to each employee of the Group on the date of termination of the employment relationship.
In the context of the IFRS, as of 01.01.2017 following the reform, it can be assimilated to a "post-employment benefit" of the "defined contribution programme" type.

15. Fund for risks and charges

At 31 December 2021 the following are the details in the changes to the fund for risks and charges:

RISKS AND CHARGES FUND	30/06/2021	31/12/2020
Assessment risks fund	76,984	76,984
Passive derivative instruments	0	106,597

total	76,984	183,581

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

1. **Short and long term financial payables**

At 30 June 2021 the following are the details of changes to the short-term financial payables:

FINAMCIAL PAYABLES	current payables	Non-current payables	total
Financial payables to financial institutions	12,975,778	22,794,649	35,770,427
Leasing payables	1,801,227	2,628,720	4,429,947
Financial customer payables	0	4,772	4,772
Subtotal	14,777,005	25,428,141	40,205,146
Modelleria Ara consolidation	204,307	690,628	894,935
total	14,981,312	26,118,769	41,100,081

	Total	within	beyond 1	beyond
Rental leasing payables	4,429,947	1,801,227	1,462,471	1,166,248
Payables to financial institutions	35,770,427	12,975,778	6,570,308	16,224,341
Financial customer payables	4,772	0	4,772	0
Subtotal	40,205,146	14,777,005	8,037,552	17,390,589
Modelleria Ara consolidation	894,935	204,307	254,154	436,474
	41,100,081	14,981,312	8,291,706	17,827,063

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

The item payables to financial institutions includes derivative instruments payables referring to interest rate hedging transactions in relation to financing and exchange hedging transactions, a decision dictated by the depreciation of the US dollar.

DERIVATIVE INSTRUMENT LIABILITIES	30/06/2021
Derivative instrument liabilities	106.597
total	106.597

In regard to loans, the following information is made available:

Loan	Expiry date	rate	base	spread	covenant
Raiffeisen	10/04/2025	Var.	Euribor 6m/360	2.3	
Iccrea	01/07/2021	Var.	Euribor 3m/360	2	
Bper/Mcc	13/07/2026	Fixed		1.8	
Creval	31/12/2030	Var.	Euribor 3m/360	3	
Banco BPM	01/07/2032	Fixed		1.89	
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	
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	
Ubi	08/01/2022	Var.	Euribor 3m/360	1.6	Finanziari
Bper	18/05/2023	Var.	Euribor 3m/360	0.95	
Simest	31/12/2026	Fixed		0.074	
Mcc/Sace	31/03/2026	Var.	Euribor 3m/360	1.6	
Bps/Finlombarda	01/02/2031	Var.	Euribor 1m/360	2.5	
Cdp/Sace	31/03/2027	Fixed		0.5	Finanziari
BPER	30/09/2023	Var.	Euribor 3M/360	0.8	

BPER	15/08/2025	Fixed	1.25

During 2021, a financial loan agreement entered into in 2016 with the provision of covenants of a financial nature is in place as well as one stipulated with the provision of covenants of a financial nature.
The effects deriving from the verification of the commercial and financial ratios, which highlighted non-compliance with the financial covenants for a loan agreement as at 30/06/2021 (as well as at 31/12/2020), are shown in the table below:

Ante covenants check

Bank	Original payable	Payables at 30/06	Rate within	Rate beyond	rate
CDP	5,000,000	5,000,000	250,000	4,750,000	**0.50%**
UBI	1,000,000	118,870	118,870	0	**0.85%**
Total	6,000,000	5,118,870	368,870	4,750,000	

Post covenants check

Bank	Original payable	Payables at 30/06	Rate within	Rate beyond	rate
CDP	5,000,000	5,000,000	250,000	4,750,000	**0.50%**
UBI	1,000,000	118,870	118,870	0	**1.60%**
Total	6,000,000	5,118,870	368,870	4,750,000	

The quota of payables to be repaid has been indicated among the payables due within the financial year.
As regards the financial covenants, the following is where they were exceeded:
For the UBI loan, the application of a higher interest rate;

- UBI whose debt as of 06/30/2021 is € 118,870 whose breach of the covenant involves the application of interest. It should be noted that this covenant was also breached previously (financial years 2017, 2108 and 2019) and that the maximum contractually applicable interest rate (1.60%) is currently applied to the company.
- CDP whose debt as at 30/06/2021 is € 4,500,000 whose breach of the covenant entails a renegotiation of the contract. The first step of the covenant check will take place on 31/12/2021;

To date, the company has regularly repaid the amortization plans and the residual debt is € 4,618,870.

2. Trade payables

At 30 June 2021 the following are the details of changes to the trade payables:

TRADE PAYABLES	30/06/2021	31/12/2020
Payables versus suppliers:		
Italy/International	14,306,124	14,162,677
Subtotal	14,306,124	14,162,677

Modellerie Ara consolidation	644,714	399,035
total	14,950,838	14,561,712

At 30 June 2021 trade payables related to the amount due for supplies of capital and consumer goods, materials, services received, services and other operating costs.

3. Income tax payables

At 30 June 2021 the following are the details of the changes to income tax payables:

INCOME TAX PAYABLES	30/06/2021	31/12/2020
Ires tax account	-12,086	
Irap tax account	-60,419	
Ires tax payable	36,357	
Irap tax payable	89,419	
Subtotal	53,270	0
Modellerie Ara consolidation	-9,183	
total	44,087	0

4. Other current payables and liabilities

At 30 June 2021 the following are the details of the changes to the current payables and liabilities:

OTHER CURRENT PAYABLES AND LIABILITIES	30/06/2021	31/12/2020
Tax payables	133,736	353,196
Payables versus pension institutes	363,141	721,679
Other payables	8,817,099	8,871,504
Accrued liabilities	177,994	64,825
Deferred income	371,056	434,444
Subtotal	9,863,026	10,445,648
Modelleria Ara consolidation	237,942	307,978
total	10,100,968	10,753,626

The *tax payables* of the Parent company are detailed as follows:

TAX PAYABLES	30/06/2021	31/12/2020
Inland revenue account for employees	87,992	333,163

Inland revenue account for contractors	8,613	6,233
Other tax payables	37,131	13,800
total	133,736	353,196

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

PAYABLES VERSUS PENSION ISNTITUTES	30/06/2021	31/12/2020
Payables versus Inps	268,603	575,307
Fondo pensione Cometa	69,606	104,037
Ente Fasi	200	1,165
Fondo pensione matasalute	2,808	3,393
Generali Ina Assitalia Tfr fondo	3,832	8,200
Arca previdenza	1,201	1,620
Alleata previdenza	8,142	12,739
Posta vita	1,350	1,662
Intesa vita	1,699	4,519
Unipolsai assicurazioni	412	3,007
Reale mutua assicurazioni	366	499
Allianz	740	887
Mediulanum vita	491	670
Vittoria Assicurazioni	560	715
Fondo Prevendapi	2,826	2,954
Finanziaria familiare S.p.A.	305	305
total	363,141	721,679

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

OTHER PAYABLES	30/06/2021	31/12/2020
Accrued employee vacation / 13th month salary	2,017,569	1,479,357
Remuneration of employees	552,555	572,641
Employee expenses reimbursement	112	-76
Remuneration of directors	54,919	53,960
Remuneration of collaborators		
Labour Unions	1,810	2,434
1/5 salary transfer	4,427	8,677
Miscellaneous payables	367,814	1,646,596

Credit cards	13,025	217
Telecom payables	0	1,492
Insurance payables	558	934
Italian customers on account	1,392,450	721,719
Overseas customer accounts	4,411,860	4,383,553
total	8,817,099	8,871,504

The *accrued liabilities* and *deferred income* of the parent company are summarised as follows:

ACCRUED LIABILITIES	
Interest payable	13,528
Utilities	131,516
Consultancy	16,742
Personnel costs	14,168
Rental fee	71
Aci	71
Other accruals	1,897
Total	177,994

DEFERRED INCOME	
Iper/Super credit	419,510
Miscellaneous income	-48,454
Total	371,056

6. NOTES ON THE PROFIT AND LOSS ACCOUNT

Values expressed in Euros

1. Revenue from sales and services

At 30 June 2021, the revenue from sales and services, compared to 30 June 2020, are summarised as follows:

REVENUE FROM SALES AND SERVICES	30/06/2021	30/06/2020
Sales revenue:		
Italian revenue	9,519,525	15,128,730
EU revenue	10,308,161	5,286,980
Revenue from outside of the EU	7,177,378	6,308,663

Variances in processed, semi-finished and finished goods	0	309,504
Variances for ongoing order-based works	-222,273	-2,073,293
total	26,782,791	24,960,583

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

2. Other revenue

At 30 June 2021 the other revenue, compared to 30 June 2020, is summarised as follows:

OTHER REVENUE	30/06/2021	30/06/2020
Other revenue	429,896	247,269
Contributions	143,549	62,807
Gain for sale of shares	2,248,367	0
Contingent assets	90,642	146,654
total	2,912,454	456,730

The item other revenue mainly refers to other income in the amount of € 347,958.
The account contributions item refers mainly refers to Sabatini law contributions and Investments.
The item gains from the sale of shares refers to the sale of 51% of the shares in Alunext S.r.l..
There were no intragroup transactions to be eliminated

3. Costs for goods and services

At 30 June 2021 the costs for goods and services, compared to 30 June 2020, are summarised as follows:

COSTS FOR GOODS AND SERVICES	30/06/2021	30/06/2020
Raw materials, auxiliaries and consumables	8,426,336	8,645,171
Inventories variances	165,069	-240,062
Services	9,001,051	6,091,053
Use of third-party goods	8,630	-6,261
Contingent liabilities	98,366	242,489
total	17,699,452	14,732,390

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

4. Personnel costs

At 30 June 2021 the personnel costs, compared to 30 June 2020, are summarised as follows:

PERSONNEL COSTS	30/06/2021	30/06/2020
Salaries and wages	4,815,803	4,938,602
Social security charges	1,436,494	1,524,412
Severance pay provision	291,263	329,245
Other costs	134,320	146,568
total	6,677,881	6,938,827

The average number of employees, divided by the Group's companies, is detailed as follows:

NUMBER OF EMPLOYEES	30/06/2021	30/06/2020
Senior executives	1	1
Cadres (junior executives)	14	14
White collar workers	85	85
Blue collar workers	118	169
Apprentices	8	10
Temporary workers	2	2
total	228	281

1. Depreciation and write-downs of receivables

At 30 June 2021 the depreciation and write-down of receivables, compared to 30 June 2020, are summarised as follows:

DEPRECIATION AND WITE-DOWNS OF RECEIVABLES	30/06/2021	30/06/2020
Depreciation of intangible assets	282,562	289,894
Depreciation of tangible assets	1,342,450	1,492,223
Other write-downs of fixed assets	0	0
Bad debt	0	0
total	1,625,012	1,782,117

We refer to the comments on the corresponding asset items.

2. Other costs and charges

At 30 June 2021 the other costs and charges, compared to 30 June 2020, are summarised as follows:

OTHER COSTS AND CHARGES	30/06/2021	30/06/2020
Miscellaneous operating costs	170,912	171,246
total	170,912	171,246

The other operating expenses item mainly relates to capital losses in the amount of € 43,354 and IMU and Tasi municipal taxes in the amount of € 65,555.

3. Financial income and charges and write-downs of financial assets

At 30 June 2021, the financial income and charges, as well as write-downs of financial assets, compared to 30 June 2020 are summarised as follows:

FINANCIAL INCOME AND CHARGES	30/06/2021	30/06/2020
Interest payable on leasing	39,856	32,430
Losses on exchange rates	78,053	2,489
Gains on exchange rates	-86,026	-5,419
Financial costs versus others	484,024	337,790
Financial income	-146	-638
Financial assets write-downs (for derivatives)	0	0
total	515,761	366,652

The item Financial charges versus others includes interest accrued during the year from credit institutions for the use of credit lines and loans.

The item Extraordinary income and charges includes extraordinary consultancy costs in relation to the establishment and transfer of the company Alunext and the spin-off of the real estate sector.

EXTRAORDINARY INOCME AND CHARGES	30/06/2021	30/06/2020

R&S tax credit	113,377	0
Extraordinary operating consultancy	-88,727	
total	24,650	0

4. Taxes

At 30 June 2021 the taxes, compared to 30 June 2020, are summarised as follows:

TAXES	30/06/2021	30/06/2020
Current taxes	131,508	174,652
Deferred tax assets	197,751	254,751
Deferred tax liabilities	-139,030	-161,901
total	190,229	267,502

OTHER INFORMATION

5. Payables assisted by real guarantees

The Group did not grant any voluntary mortgages

6. Profit per share

Earnings per share is calculated by dividing the result attributable to the shareholders of the Parent Company by the weighted average number of ordinary shares issued, excluding any acquired treasury shares from this calculation.

Description	30/06/2021
Profit due to shareholders	2,840,650
Of the Parent Company in Euro units	
Weighted average number of shares	42,605,447
Profit per basic share in hundredths of €	0.067

The diluted earnings per share in this case coincides with the basic earnings per share.

7. Subsequent events

There are no significant subsequent events to report.

Sirone, 29 September 2021

For the Board of Directors
The Chairman
Marco Corti